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Defense Ministers' Debate on Peacekeeping Noted

MM2007125994 Moscow IZVESTIYA in Russian 20 Jul 94 p 2

[Report by Boris Vinogradov of IZVESTIYA: "Defense Ministers Decide Who Ought To Pay for Peacemaking in CIS"]

[Text] The current CIS Council of Defense Ministers surpasses all previous ones in terms of the range of questions, list of participants, and diversity in the color and style of generals' uniforms. The chiefs of 13 military departments have met in Moscow to discuss broad aspects of urgent problems, among which the operations to restore peace in Tajikistan and Abkhazia particularly stand out.

Russia, which at the moment is the main peacemaker in both conflict zones, yet again told its allies to take a more active part in these operations. It is a question not only of physical participation in assigning "blue helmets" to joint peacemaking forces, but also of shared funding. It is proposed to create a special fund under the staff to coordinate military cooperation from which money could be drawn to carry out expensive operations.

This idea did not meet with any particular objection from the top generals and was approved in principle. Admittedly, everybody realizes that it is not they who will have the decisive say, but the heads of state, who will consider the requests at the next summit. Every member of the Commonwealth has financial difficulties, and, foreseeing the emergence of new conflicts on CIS territory and therefore an increase in the scale of peacemaking operations, some of the Council have in mind a different option for financial support. Such as in Tajikistan, where each party—Russia, Uzbekistan, Kirghizia [Kyrgyzstan], and Kazakhstan—is paying for itself, as it were. Moreover, the representatives of Tashkent and Alma-Ata [Almaty] said, developing this approach, participation in operations could be based exclusively on regional grounds. In other words, if it is a question of Abkhazia, the peacemakers should be Caucasian states.

All the indications are that experience of peacemaking in Tajikistan will be universal in the respect that Russia is assuming the brunt of the military and financial burden there. The hope of attracting UN forces and funding to Tajikistan and Abkhazia is becoming increasingly illusory. The participants in the Moscow meeting clearly fully realized this, although some of them voiced proposals regarding the need "to continue to appeal to the Security Council of the world community." UN Secretary General Butrus-Ghali's recent appeal to other UN members to join in the Abkhazian operation did not evoke enthusiasm here, either. They will scarcely want to send their soldiers to the hot Black Sea coast, and, most importantly, the Security Council constantly states that it has no money in its coffers for peacemaking in CIS conflict regions.

All these questions will be considered again 20 July at a joint sitting of the CIS Council of Defense Ministers and Council of Foreign Ministers.

General Says CIS Defense Union Necessary

LD2007170594 Moscow ITAR-TASS World Service in Russian 1021 GMT 20 Jul 94

[By ITAR-TASS columnist Vladimir Gondusov]

[Text] Moscow, 20 Jul—The fly-wheel of disengagement of the former USSR republics set spinning in the military sphere in recent years has been stopped. This is what Lieutenant General Leonid Ivashov, secretary of the Council of the CIS defense ministers, thinks is the main result of the meeting of the heads of the Commonwealth defense departments that ended in Moscow on 19 July.

In a conversation with an ITAR-TASS columnist today, Ivashov said that slowly, steadily the effect of centripetal tendencies is increasing in the military field.

The general said not only during the sittings but also privately that the ministers expressed the need for setting up the Commonwealth's defense union in the future so that it becomes the basis of the collective security system. Ivashov said the headquarters for coordinating military cooperation between the Commonwealth states involving specialists had done profound work to draw up the blueprint of the defense union. It will be submitted to the session of the Collective Security Council at the beginning of 1995.

Grachev Renews Calls For CIS Defense Alliance

LD2107105394 Moscow ITAR-TASS World Service in Russian 1011 GMT 21 Jul 94

[By ITAR-TASS correspondent Vadim Byrkin]

[Text] Moscow, 21 Jul— Army General Pavel Grachev, the Russian defense minister, today renewed his call for the establishment of a defensive alliance of CIS states. Speaking to journalists today after the signing of Russian-Kyrgyz military agreements, he noted that a defensive alliance means closer cooperation and interaction in the military sphere.

According to the minister the treaty on collective security is a vague political concept, but a defensive alliance would provide the signatory states with real reasons to unite—namely a chance to define common objectives, to "allot" the specific responsibilities of each national army, and to tackle all military, military-political, and military-technical issues jointly. Lieutenant General Myrzakan Subanov, Kirghizia's [Kyrgyzstan] defense minister, supported Grachev's idea of a CIS defensive alliance.

Russia 'Entitled To Expect More' From CIS Partners

MM2007142994 Moscow KRASNAYA ZVEZDA in Russian 20 Jul 94 p 1

[Article by Colonel Gennadiy Miranovich: "CIS Security: Russia Is Ready To Share the Burden. Not Everyone Is Ready To Accept It"]

[Text] The fact that Russia is ready to share the burden of security but not everyone is ready to accept it was shown by the session of the Council of Defense Ministers of Commonwealth States held 18-19 July. This was particularly evident on the second day when Russian Defense Minister Army General Grachev, who was in the chair, asked participants to return to the questions of conducting a peacekeeping operation in the Georgian-Abkhazian conflict zone and stabilizing the situation on the Tajik-Afghan border, which had been examined the day before. It turned out, however, that during the night, which had been devoted to refining their positions, the sides' experts had simply failed to reach a common opinion.

However, as Colonel General Valeriy Patrikeyev, commander of the Collective Peacemaking Forces in Tajikistan [CPF], reported to the Council, the situation permits no delay in fulfilling the accords on assigning appropriate military contingents. After all, under the accords, the total strength of the CPF, including the contingents of Kazakhstan, Kirghizia [Kyrgyzstan], Russia, and Uzbekistan, should be at least 16,000, whereas what we have is a little over 7,500—and the 201st Motorized Rifle Division makes up more than one-half of that.

There is another problem here. It is well known that the motorized rifle division is not suited to border protection. Therefore, in Army Gen. Grachev's opinion, it is essential to resolve the question of demarcating the functions of the border guard troops and the CPF.

Russian troops remain the only peacemaking force in the Georgian-Abkhazian conflict zone. But our four battalions and 16 military observers operating there today are patently inadequate. The peacemaking operation should be collective by nature, and Russia is ready to share that burden both with the signatories to the Treaty on Collective Security and the other components of the CIS. However, there was no clear-cut response forthcoming from participants in the session to this proposal by the head of the Russian delegation. Judging by the various provisos they made, we will, at best, see military observers from some Commonwealth states in the conflict zone in the immediate future.

Nevertheless, decisions were made on all the questions discussed, including the question of the command of the group of collective peacemaking forces for maintaining peace in the Georgian-Abkhazian conflict zone. General Vasiliy Yakushev was appointed to this post.

The adoption of the draft Overview of Collective Security of States Signatory to the Treaty on Collective Security was undoubtedly an important outcome of the session. This document, presented by Gennadiy Shabannikov, general secretary of the Collective Security Council, reflects the common interests and military-political aims of the treaty states and their intention to ensure their own security by uniting within a defensive alliance. The Collective Security Council is the supreme political body of the proposed system. The Council of Foreign Ministers and the Council of Defense Ministers are the supreme consultative bodies.

The men and equipment of the collective security system comprise: the armed forces and other troops of member states; the coalition (joint) groups of troops (forces) in the regions; the combined (joint) air defense system; and other systems. It is intended to create all this in three stages. During the first stage it is planned basically to complete the creation of member states' armed forces and draw up a series of documents regulating the functioning of the system. It cannot be ruled out that the question of creating joint armed forces will be examined at one of the stages.

A programmatic document has thus been adopted. How soon it actually becomes an operative document guaranteeing collective security will depend on the specific contribution made by each of the signatories. For the time being only one thing may be said with absolute certainty: Russia is entitled to expect more from its partners.

On the same day, 19 July, a joint session of the Council of Foreign Ministers and the Council of Defense Ministers of CIS states was held. The session examined a draft memorandum of the Council of Heads of CIS States entitled "Basic Guidelines for the Integrated Development of the Commonwealth of Independent States," a draft Overview of Collective Security, a draft basic guidelines for enhancing the defense capability of states party to the Treaty on Collective Security and for deepening military cooperation, and draft documents on conducting a peacekeeping operation in the Georgian-Abkhazian conflict zone.

Interstate Border Protection Agreements Examined

MM2107100594 Moscow KRASNAYA ZVEZDA in Russian 19 Jul 94 p 3

[Report by Vitaliy Strugovets: "The Security of CIS Southern Borders Can Only Be Safeguarded Through Joint Efforts. Concerning the Results of the Working Visit by the Commander in Chief of Russian Federation Border Forces to Uzbekistan, Kyrgyzstan, and Tajikistan"]

[Text] Tashkent/Bishkek/Dushanbe—The very fact that Colonel General Andrey Nikolayev's trip to the Central Asian states of the CIS began the day after the Security Council session which examined the state of Russia's borders indicates the special, interest in this region. It is not just that the border here is the most troublesome, the most important. If security is not properly safeguarded here, Russia will be flooded with drugs, contraband, and weapons.

The signing of intergovernmental agreements between the Russian Federation and Uzbekistan, Kyrgyzstan, and Tajikistan on interstate military transport movements in the interests of the protection of the external borders of the CIS states clearly must be seen as the primary result of the trip. According to these documents, the Central Asian states assume obligations to ensure that Russian military transport can pass freely through their territory, without customs duties, and transit and other charges being levied. In this way they are masking their contribution to the joint protection of the Commonwealth's external borders.

Need one say how much the signing of these agreements will facilitate, financially above all, the upkeep of Russian border forces on the territories of Kyrgyzstan and Tajikistan? Because of the enormous distances, the delivery of the requisite equipment from the Russian Federation for these groups has cost the Russian treasury a tidy sum—im some cases they were demanding $50 for each tonne of freight that passed through.

Considerable significance attaches also to the tripartite agreements between Russia, Tajikistan, and Uzbekistan on joint actions connected with the protection of the border on the territories of Shaartuzskiy Rayon in the republic of Tajikistan and Termezskiy Rayon in the Republic of Uzbekistan. These rayons—where the borders of Uzbekistan, Tajikistan, and Afghanistan meet—constitute the Vakhsh sector, which is intensively used to transfer contraband, drugs, and weapons to the territory of the CIS. Hitherto each of the participants has been protected separately. As a result the border has been breached repeatedly in the Vakhsh sector. The lack of coordination has now been resolved and the border forces of the interested states have obtained the legal right to carry out the necessary activities.

Questions were also studied pertaining to an agreement that will relate to the joint protection of the river section, on the Amur and the Pyandzh, and the external borders of Uzbekistan, Tajikistan, and Kazakhstan. During the talks between Colonel General Andrey Nikolayev and Uzbekistan President Islam Karimov and Tajikistan Supreme Council Chairman Emomali Rakhmonov agreement was reached in principle on the advisability of setting up a Coordinating Staff to pool the efforts of the four states' border forces. The plan is for it to be located in Uzbekistan. A Border Forces Joint Command may be set up in the future on the southern borders of the CIS.

"It was here, when tackling questions connected with the joint protection of borders," Colonel General Andrey Nikolayev noted in an exclusive interview for KRASNAYA ZVEZDA, "that we took the first step in integrating the interests of the Central Asian States of the CIS and the Russian Federation. I stress the states and not just the border forces alone. Indeed the border is just a narrow strip of land on which the border guards perform their functions and duties. It is the focus of the interests of dozens of departments—Foreign Ministry, Internal Affairs Ministry, intelligence and counterintelligence, customs and medical and epidemiological services...

The signed documents are a real step forward in the solution of the problems that have arisen. They are also a recognition of the fact that the joint protection of the external borders of the CIS is safer and more successful than individual protection.

ITAR-TASS Carries Press Review for 21 Jul

LD2107065794 Moscow ITAR-TASS in English 0500 GMT 21 Jul 94

["Press Review"—ITAR-TASS headline]

[Text] Moscow July 21 TASS—ROSSIYSKAYA GAZETA carries an interview with ambassador at large Vasiliy Svirin, who leads a delegation at the current Russo-Estonian talks in Helsinki.

"The Russo-Estonian border runs now as it was on the day of the recognition of Estonia's independence by the Russian Federation in 1991," Svirin said.

The Russian diplomat believes that there can be no other solution to the border issue. Any other solution would be associated with a breach of the Helsinki agreements on border issues and of the provisions of the United Nations Charter.

ROSSIYSKAYA GAZETA on the scope of terrorist acts in Russia:

"Before 1992, the number of criminal explosions (poachers' ways to catch fish taken into account) totalled 30 to 50 throughout the Soviet Union. There were already 240 of them in 1992 in Russia alone.

"Last year set a kind of record in this respect—350 explosions. The number of terrorist acts connected with the use of explosive devices is expected to exceed the mark."

ROSSIYSKIYE VESTI on the start of the enactment of the law on the bankruptcy of state-run enterprises.

"A half of all Russian enterprises are unable to repay their debts on time. It is precisely to them that this law applies," Pyotr Karpov, deputy general director of the federal department on insolvency affairs (bankruptcy) at the Russian State Property Committee, told the newspaper.

Considering the novelty and complexity of the law enactment process, as well as serious concern of trade unions over the future of work collectives, the federal department decided so far to mention in public only the first three such enterprises.

ROSSIYSKIYE VESTI runs an interview with Vyacheslav Volkov, deputy chief of the presidential staff, who denied prophesies by aggressive politicians about a forthcoming 'hot' autumn.

"The president's positions are now strong. He keeps the situation under control. So, all pronouncements by the opposition are none other than provocation and a desire to throw the authorities off their balance and sow uncertainty. That will not work, I think ," Volkov told the newspaper.

"Touching upon the situation in regions, the deputy chief of the presidential staff said "the government is working out purpose-oriented economic programmes for individual regions where the social situation is particularly strained. I am confident that administration chiefs hold the situation in hand and that attempts to confuse people will not succeed either in autumn or in winter", Volkov pointed out.

NEZAVISIMAYA GAZETA on Aleksandr Solzhenitsyn's forthcoming arrival in Moscow on Thursday.

Summing up the writer's two-months-long travels about Russian cities, the newspaper points out:

"Solzhenitsyn's political rating has gone up over the period, notwithstanding the fact that he with pointed insistence dissociates himself from politics while giving political evaluations of events, persons, and problems".

KOMSOMOLSKAYA PRAVDA on the same subject:

"A great writer is coming home. And one should not try out either the ideas of national-socialism or the voucherisation of the entire country on him".

KOMSOMOLSKAYA PRAVDA carries an interview with ex-Soviet President Mikhail Gorbachev who points out growing corruption in the country.

"I have become convinced still further that corruption will not be overpowered under this regime. (Boris) Yeltsin, to my mind, wants to do that but will not cope any longer. This process can be stopped by a change of political combination," Gorbachev said.

KRASNAYA ZVEZDA (Red Star) on the Georgian-Abkhazian conflict:

"Unfortunately, Russian troops up to now remain the only peacekeeping force there and their numerical strength is obviously insufficient. Unwillingness to share the burden of responsibility among many CIS countries is yet another stumbling block in a solution to the Georgian-Abkhazian conflict in general and the Kodori Gorge problem in particular".

SOVETSKAYA ROSSIYA runs an interview with Federation Council member Valeriy Ovsyannikov who criticises the current economic policy course of the government and is of the opinion that "there is no other way out but rigid regulation of prices and wages. Otherwise, there would be collapse".

PRAVDA comments on the State Duma-passed bill on a revision of minimum wage:

"However, there is no and will not be countrywide jubilation. At a time when production declines, there is no money, and industrial enterprises are at a standstill, it remains for the government only to honestly admit that it is not capable of enforcing the current legislative acts (concerning the indexation of incomes, minimum wage, etc.)".

TRUD on pensions in Russia:

"Russia, it seems, fares better than the other ex-Soviet republic in the provision of pensions for people who are unable to work. Nevertheless, the minimum pension in Russia, even with an upward trend taken into account, is not up to the subsistence wage which, according to Labour Ministry data, now amounts to 72,000 roubles".

Shumeyko Memo Previews Agenda for Talks With U.S.

MK2107071094 Moscow SEGODNYA in Russian 21 Jul 94 p 1

[Report by Vladimir Abarinov in the "Document" column: "Moscow Invites Washington to 'Swap' Abkhazia for Haiti. The Russian Ministry of Foreign Affairs Has Provided Speaker Shumeyko With a Memo"]

[Text] Russia will not be able to vote automatically for a new UN Security Council resolution on Haiti unless the United States supports its peacekeeping efforts in the CIS, in particular in Abkhazia. This is expected to be announced to U.S. officials today by Vladimir Shumeyko, who has arrived in Washington at the head of a Russian parliamentary delegation.

SEGODNYA is in possession of the text of a memo prepared for the upper chamber speaker by the Foreign Affairs Ministry and also possibly by the Ministry of Foreign Economic Relations. One of the most noteworthy points of this paper is the need "to take the Russian-U.S. partnership outside the internal political struggle." It insistently declares Russia's right to access the U.S. market. Moscow, the document states, is concerned by the growth in the number of anti-dumping investigations with respect to the most promising Russian exporters. By way of example it cites an investigation of the export of Russian sporting and hunting weapons.

Moscow also expects that by the time of President Yeltsin's September visit the U.S. side will take a "decisive step" toward lifting the Jackson-Vanick amendment which links granting Russia most favored nation status in trade to the problem of refuseniks.

Washington is also invited to "think about harmonizing the interests of our countries on international arms markets." As long as the Americans refuse to "think," Russia does not intend to sever its arms contracts with Iran. Shumeyko will remind the U.S. Administration about its promise to assist the creation of an international fund to finance energy imports by the CIS countries from Russia.

Furthermore, Moscow will ask Washington to "study the possibility" of providing Russia an additional $60 million to dismantle the nuclear warheads evacuated from Ukraine. The memo authors advise the speaker to mention that Ukraine has not so far acceded to the nuclear nonproliferation treaty as a nonnuclear state.

U.S. Expects Russia To Join Arms Control System

LD2107095394 Moscow ITAR-TASS in English 0914 GMT 21 Jul 94

[By ITAR-TASS correspondent Igor Shchegolev]

[Text] Paris July 21 TASS—The United States and its European partners discuss the question of a new system of control over the sale of conventional arms and dual-use technologies. Such a system is to take the place of the Coordinating Committee on Export Controls (COCOM). An agreement to this effect is expected to be concluded in autumn, and Russia is likely to join it, a high-ranking American spokesman told a group of journalists here.

The spokesman, who requested anonymity, emphasised that the new organisation, of which no name has been found so far, "will not be a new COCOM," although it will also aim to prevent the export of conventional arms and dual-use technologies to such "dangerous countries" as Iran or libya.

In this connection, the spokesman said the sale of Russian weapons (submarines, tanks, and aircraft) to Iran gives rise to concern in Washington.

The U.S. also worries at prospects for the emergence of nuclear weapons in South Asian countries, North Korea and Pakistan and the spread of ballistic missile development technologies.

This range of issues was touched upon in particular during consultations held here on Wednesday between Lynn Davis, U.S. assistant secretary of state on international security affairs, and high officials from the offices of the French president and prime minister, and the Ministry of Foreign Affairs, the FRANCE PRESSE news agency reported.

Ms. Davis is to go to London on Thursday night. She is expected to hold similar talks there.

Moscow Working With NATO To Expand Cooperation

LD2007163394 Moscow ITAR-TASS in English 1516 GMT 20 Jul 94

[By ITAR-TASS correspondent Aleksandr Mineyev]

[Text] Brussels July 20—Russian and NATO officials have gathered in Brussels to work out a programme of broad cooperation between Russia and the North Atlantic Treaty Organisation.

At their first meeting on Tuesday the sides confirmed their commitment to step up work on the document which will draw on Russia's proposals announced at the NATO headquarters by defence minister Pavel Grachev on May 24, 1994 and the Brussels protocol approved by Russian Foreign Minister Andrey Kozyrev and the NATO leaders in late June.

Russia has suggested a number of areas of cooperation with NATO in order to establish a "new system of global security, primarily in Europe," taking into account Russia's weight in international affairs, its size and nuclear potential.

In the Brussels protocol Russia and NATO agreed to develop a "broad and comprehensive dialogue and cooperation in the fields where Russia can make a unique and important contribution adequate to its status and responsibility as the largest European and world nuclear power."

Yeltsin Says No Estonia Pullout Until Rights Observed

LD2007121894 Moscow ITAR-TASS World Service in Russian 1152 GMT 20 Jul 94

[By ITAR-TASS correspondent Anna Melnikova]

[Text] Moscow, 20 Jul—We are not preparing to withdraw our troops until Estonia brings its legislation in line with internationally accepted human rights. This was stated today by Russian President Boris Yeltsin during a visit to the first exhibition of the All-Russia Academy of Painting, Sculpture, and Architecture, in a conversation with the rector Ilya Glazunov while he was viewing the artist's painting "Wake up, Russia!".

The president noted that: We will not allow Russians in the Baltic States, in Estonia, to suffer.

Gromov Views Talks on Troop Withdrawal From Estonia

LD2007203794 Moscow Radio Rossii Network in Russian 1800 GMT 20 Jul 94

[Text] The talks in Helsinki on the withdrawal of Russian troops from Estonia have ended without results. Deputy Russian Defense Minister Boris Gromov had the following to say when asked by the news service why.

[Begin Gromov recording] Estonia has adopted a special position on this issue. In contrast to Lithuania and Latvia, with whom we also had a long, hard negotiating process, there is now absolutely no negotiating process at all with Estonia. Our voice is ignored. Estonia states its position that it is a sovereign state and that it has the right to settle all the problems on its territory whatever way it likes.

I think that we will come to an agreement if neither Estonia nor we ourselves strike an attitude. They're probably trying harder than us to strike an attitude. In Lithuania we have no troops. We're withdrawing the troops in Latvia by 31 August. As for Estonia, well... [sentence unfinished] [end recording]

Churkin Disappointed With Estonia Talks

LD2007151994 Tallinn Radio Tallinn Network in Estonian 1500 GMT 20 Jul 94

[Excerpts] The meeting between the Estonian and Russian delegations in Vantaa near Helsinki has ended. [passage omitted]

Vitaliy Churkin said before leaving Finland that the talks with Estonia disappointed him considerably. According to Churkin, the Estonian delegation did not have a single constructive proposal which would help to improve the life of retired Russian servicemen in Estonia. As Estonia continues to demand that the retired servicemen leave the state and thus fails to ensure social guarantees for them, in Churkin's view it is logical that the talks held in Helsinki did not result in any progress on the issue of Russian troop withdrawal from Estonia.

Deputy Views U.S. Estonia Vote, CIS Mediation

MK2007103094 Moscow MOSKOVSKIYE NOVOSTI in Russian No. 29, 17-24 Jul 94 (Signed to press 19 Jul) p 5

[Article by Vladimir Averchev, State Duma deputy from the Yabloko faction: "Is It Worth Taking a Risk Over Trifles?]

[Text] On 13 July the U.S. Senate made provision of financial assistance to Russia conditional on the withdrawal of Russian troops from Estonia before 31 August. The motives for such unceremoniousness are fairly obvious to everyone who is acquainted with the rules of the U.S. internal political game.

In this year of mid-term congressional elections, the Republicans made the Clinton administration's foreign policy one of the major lines of attack on the Democrats' positions. They are blamed for the abortive mission in Somalia, and for vacillations and indecision in the Bosnian conflict. And now everybody is hastily looking around for a cause to demonstrate toughness and resolution in approaches to those world crises which are of at least some interest to the U.S. public. The Republicans, in order to teach a lesson to the reflective Democrats and win points in a pre-election race; the Democrats, in order to repulse these attacks and rehabilitate their reputation in the eyes of the electorate. Let us recall the Senate resolution on lifting the embargo on arms supplies to Bosnian Muslims, the recent talk in Washington about the option of force in resolving the crisis of the Pyongyang nuclear program, and the circling of battleships with U.S. marines around Haiti.

This accounts for the senators' unity—both the Republicans and the Democrats: 89 votes against 8, issuing a prescription to Russia as to how to conduct negotiations with one of its closest neighbors. The U.S. lawmakers apparently ignore the fact that Russia has no need for troops in Estonia while what is involved is a complicated negotiating process between two states with a very complex history.

Meanwhile a delegation of the Estonian parliament foreign relations commission has visited Moscow. The Estonians, as is known, are difficult interlocutors. All the more notable, therefore, is their positive assessment of the talks, made at a final press conference. Moreover, in a private conversation a member of the Estonian delegation agreed with the author of this article that the ill-fated U.S. Senate resolution can only complicate the Russian-Estonian talks with unwanted considerations of prestige. Thus it is not ruled out that with a successful negotiating process Russian troops will be withdrawn, say, by 2 September.

So, one could agree with Foreign Minister Andrey Kozyrev who says there is no need to be oversensitive to the U.S. Senate's actions. Well, they have adopted yet another unhappy resolution. Such things will happen.

Yet the situation takes on a different coloring in view of a follow-up statement by Deputy Secretary of State Strobe Talbott who effectively sided with the Senate, making the future development of Russian-U.S. relations dependent on the pullout of Russian troops from Estonia within the terms stipulated. Talbott is a man close to President Clinton, and a main architect of U.S. policy regarding Russia. Here we have a totally different layer of U.S. foreign policy thinking. This involves a concept—which has taken shape in the past few years—of "well-intentioned mediation" by the Americans in conflicts in the former USSR space, i.e., creating instruments for U.S. influence on the evolution of interstate relations in this region.

Part of the "credit" for the emergence of this concept belongs to Russian politicians: It was too often, in the 1992-93 period, that our diplomacy asked the Americans to influence the intransigent leaders of former fraternal republics. Sometimes this was done out of liberal shyness: What if progressive democratic America suspects us of secret imperial appetites; more often, simply out of the inability to operate levers, which Russia naturally has, across the space of the formerly single and extremely centralized state. In some situations the involvement of U.S. diplomacy yielded a positive result: as was the case with Russia's inheriting the nuclear legacy of the defunct Soviet Union. In others it ended in a complete flop, and Russia took on an intermediary mission with a pure conscience: This happened in the process of searching for ways to resolve the Georgian-Abkhaz conflict.

Throughout 1994 the Americans' possibilities to act as arbiter in relations between the states of the former USSR were clearly narrowing—and with it the possibilities of affecting the course of events. Today the Russian-U.S. partnership is going through a crisis of transition from the romantic to realistic stage (in U.S. Defense Secretary William Perry's definition). In situations such as the one created by the U.S. Senate resolution our common ability not to give in to transitory considerations is tested. Russian politicians also have every right to compare the official rhetoric and political and diplomatic practice of their U.S. partners when their actions affect our country's legitimate interests. The Russian-U.S. partnership is too valuable to risk over what in the final analysis is trivia.

Kozyrev on Bosnian Serbs' Right To Create State

LD2007175094 Moscow NTV in Russian 1500 GMT 20 Jul 94

["Exclusive" interview with Russian Foreign Minister Andrey Kozyrev by Yevgeniy Kiselev, in Moscow, 20 July—recorded]

[Text] Today in Geneva the intermediaries in the Yugoslavia crisis received a reply from the leaders of the warring communities in Bosnia to the plan to divide the republic. The Muslims and Croats have approved the plan. The Serbs have stated that their position is as follows: the plan can serve as a basis for further discussion. One of the main demands of the Serbs is the right to self-determination, that is the possibility of free secession from the future Bosnian confederation. According to some views the Serbs do not yet intend to say either yes or no. At the same time in Moscow certain positive steps foreword have been seen in the latest Serb statements.

Our colleague, the presenter of the Itogi program, Yevgeniy Kiselev, has been given an exclusive interview by Russian Foreign Minister Andrey Kozyrev.

[Kozyrev] I believe that a positive element has been noted here regarding the Bosnian Serbs' reply to peace plan. They would like to see as a whole all the elements of the peace plan. There is a legal basis for this. They must have the right to know what state they are going to be living in. The Muslims and Croats have already entered their own federation and established, are trying to establish confederative relations between neighboring Croatia and that state. I believe that the Serb side—the Bosnian Serbs—have the same right to create their own statehood in this instance and enter, say, confederative relations with, say, neighboring Serbia if they want.

At the same time an element of unity—either a federation or a confederation within the framework of Bosnia-Herzegovina itself—should be preserved. So this may be a very unusual structure, maybe a structure without precedent.

Russia To Be Ukraine's 'Main Strategic Partner'

MM2007125794 Moscow IZVESTIYA in Russian 20 Jul 94 p 2

[Report by Yanina Sokolovskaya of IZVESTIYA: "Kuchma Sworn In and Intends To Act Tough"]

[Text] Kiev—"I am not promising overnight improvements. But I will take unpopular measures in order to emerge from the crisis and change the situation," Leonid Kuchma declared immediately after his inauguration.

Only when he was swearing loyalty to Ukraine, its sovereignty, and its laws did the new president apparently sense the burden of the power vested in him. First of all Kuchma is planning to lower and streamline taxes, to abolish the fixed dollar exchange rate in favor of a regulated rate, and to proclaim Russian to be an official language. Then Kuchma will set about establishing a strong state chain of command [vertikal]. Promising to do everything to consolidate the uncoordinated branches of power, Kuchma gave the following assurance: "So far the political will for this has been lacking—I will have to display it today."

To tumultuous applause from people's deputies, Supreme Council Speaker Oleksandr Moroz stated that the Supreme Council fully supports the president's line. Prime Minister Vitaliy Masol is also actively displaying a desire to work hand in hand with Kuchma.

Leonid Danilovich is going to "employ tough measures in the very near future" against the mafia, which has "merged with the old state apparatus." The drafts of appropriate legislative acts have already been prepared.

Kuchma intends to build a state without "isms" and to steer Ukraine along neither a capitalist nor a socialist path, but along a traditional path known only to Ukraine. The main thesis of this course is the transition "from political romanticism to realism and pragmatism," that is, from Ukraine's self-isolation to leadership in the process of Eurasian integration. Kuchma is also planning to make some adjustments to the country's foreign policy course.

Russia will remain Ukraine's main strategic partner. It is planned to sign with Russia, as a very close and intimate neighbor, a large-scale treaty that "will resolve all the accumulated problems." These plans chime in many respects with the wishes addressed to Kuchma by the president of Russia.

It looks as though the idea of Ukrainian statehood as a panacea for all ills is disappearing into oblivion. "Ukrainian statehood is not an icon to which we must pray. It cannot be an aim in itself," Leonid Kuchma stated in his inauguration speech. And he promised that from now on the state will work for the benefit of its residents. Their social protection is being beefed up by decision of the president. And the funding of science and culture that was abolished under Kravchuk will be restored. The Ukrainian budget will have to be changed again in view of this. And the prospect of future monetary reform has emerged on the threshold of the transformations.

Kuchma, Kozyrev, Lukashenka on Mutual Relations

LD2007162994

[Editorial Report] Moscow Ostankino Television First Channel Network in Russian at 1425 GMT on 20 July broadcasts the 10-minute "World Today" program introduced by Yuliy Semenov who discusses possible developments in relations between Belarus, Ukraine, and Russia in the light of the election of new presidents in two of Russia's neighbors. A brief outline of Kuchma's policy program is given over video of the president addressing the Supreme Council and Semenov concludes: "Thus, there is every reason to consider that a democratic and civilized renewal of political power has taken place in Ukraine."

Semenov then goes on to talk of the "sensational" election of Alyaksandr Lukashenka as president of Belarus, and introduced an interview that the new president gave to correspondent Aleksey Zhuk. Lukashenka says that Belarus's economic problems will make it necessary to introduce some unpopular but honest measures to stabilize the situation. Zhuk asks about Yeltsin's invitation to Lukashenka to visit Moscow on 1 August. The president replies:

"I am very glad, believe me, I am happy that Boris Nikolayevich, your president, the president of the Russian Federation, has invited me, the first president of the Republic of Belarus, thus demonstrating his very great interest in getting acquainted and taking concrete steps toward joint Belarus and Russian actions and, indeed, this visit will take place on 1 August."

Semenov comments on this: "Well, it looks as though Alyaksandr Lukashenka does not bear a grudge against some major Russian politicians who rather unwisely made their stake on his political opponent, Vyachaslaw Kebich. In its turn, Russia feels rather awkward with regard to the new president and is evidently trying to give most favored status in resolving urgent economic and political problems.

"On the whole, if one is to speak about some sort of forecasts in the economic sphere for the foreseeable future, then one can expect a lowering of customs barriers, one can expect Ukraine's entry into the economic union as a full member, especially if economic reforms go ahead there. One cannot expect so much in this respect from Belarus since the program that Alyaksandr Lukashenka has announced there is aimed mainly at stabilization, and it is still too early to speak of the prospects for market reforms."

The program then cuts to Semenov interviewing Russian Foreign Minister Andrey Kozyrev who says:

"The elections in the fraternal republics of Ukraine and Belarus, in my view, indicate the start of a new stage. But this is not a stage of renunciation of independent states or sovereignties. It is rather a stage of better understanding of the realities of independence and of how to implement one's sovereignty by strengthening integrational links, including links with Russia. I think that in both countries a tendency has appeared of not acting on the basis of fear of the old center but rather of acting on the basis of understanding the objective necessity of cooperation with Moscow. At the same time, I would warn against euphoria and heightened expectations, that they will all forget their economic interests, forget about parliaments, laws, and so on and some sort of merging will begin. I think that this is unrealistic. We do not reckon on this. We reckon that the new leaderships, the new presidents in these republics will make very concrete, sober, and meaningful assessments of the state of affairs, and on this basis will strive for cooperation."

With this the program concludes.

Yabloko Leader on Economic Union With Belarus, Ukraine

LD2007180694 Moscow ITAR-TASS in English 1718 GMT 20 Jul 94

[By ITAR-TASS correspondent Lyudmila Aleksandrova]

[Text] Moscow July 20—Russia needs economic union with Ukraine and Belarusia otherwise any progress is out of the question, Grigory Yavlinsky, leader of the "Yabloko" faction, told ITAR-TASS on Wednesday.

It is a matter of forming open market area, characterized by free trade, free movement of capital and reciprocal protection of investments, the prominent economist specified.

On the other hand, political unions are no longer needed, to say nothing of military unions, he added.

Prerequisites for forming an economic union are surfacing, but difficulties are arising in Russia rather than in Ukraine, Yavlisky said.

Yegor Gaydar, leader of "Russia's Choice" faction, believes that economic situation in Ukraine and Belarusia and prospects for both countries' relations with Russia depend on whether these countries will eventually begin effective economic reforms or not.

"The results of presidential elections in these countries suggest that one cannot win support and popularity if one rejects economic reforms and pursues a policy of "slow reforms" advocated by the Russian opposition circles," Gaydar said.

Pavel Bunich, president of the association of lessees and entrepreneurs, who also represents "Russia's Choice" faction, points out that it is too early to predict how the Ukrainian and Belarusian presidents will behave.

However, he expressed doubt that they would welcome economic reforms. He also declared bluntly against the idea that the results of presidential elections in both countries move the opportunity for creating an economic union further away.

The situation could have hardly improved, if the results were different, he said.

Army Commander on Political Scene, Moldova

MM2007140194 Moscow IZVESTIYA in Russian 20 Jul 94 First Edition pp 1,4

[Interview with Lieutenant General Lebed, commander of the Russian 14th Army, by Svetlana Gamova in Chisinau; date not given: "Aleksandr Lebed: Life Itself Compels Generals To Engage in Politics"]

[Text] In the past two years Lieutenant General Lebed, commander of the 14th Army, well known in Russia as the man who stopped the war in the Dniester region and in military circles as the man who fought in Afghanistan, "took Baku," and, according to him, "twice marched on Moscow," has not been out of the newspapers—the Dniester, Moldavian [Moldovan], and Moscow papers. A poll conducted in the Moscow Garrison, including adjutants and military academy students, indicated that over 70 percent would like to see A. Lebed as Russia's defense minister. Journalists openly predict that he will hold Pavel Grachev's post; what is more, they speak of him as a possible contender for the state's top post.

[Gamova] Aleksandr Ivanovich, how do you feel about the increased attention from the press? Do you like it?

[Lebed] I have always taken a calm view of this since I am not at all worried by who talks about me and what they say. I have definite objectives and tasks, which I am working toward and achieving. Some people may like that and some may not. It is like chess, where one player may think three moves ahead, the other 15. The one who thinks three moves ahead cannot understand the other.

[Gamova] But do you want to be president? Or defense minister?

[Lebed] Ask the right questions. People write to me and suggest that I stand, expecting an affirmative response, moreover. But no one has asked me whether I want to do so. I do not want to be president. That is not my scene. Political activity has never appealed to me; I am only forced to get involved in it by prevailing circumstances, because there is no one else.

As for the second question.... Any officer should have a normal sense of self-esteem.

[Gamova] So, the commander dreams of being....

[Lebed] The commander does not dream. But he does not rule things out.

[Gamova] Do you see a broader field of activity behind this. There is work to do in the Army....

[Lebed] That is the wrong word. There is hard slog here. Collegial, vigorous, intellectual work is needed from dawn till dusk. Because, when we broke one thing up, we regrettably failed to build anything else. No Russian Army has been set up. It has only been announced that one has been set up. We want to have an Army—there is no harm in wanting. But at the moment it is just a case of "wanting." All we have is this burbling by inveterate mumblers about necessary sufficiency and sufficient necessity.... There should be armed forces that correspond to the size of the state. It is stupid for them to amount to 1 percent of the population. Our territory cannot manage with 1 percent. Perhaps we may arrive at that figure at some point when we are capable of deploying a large number of troops to different operational sectors in a short time owing to the introduction of new categories and items of hardware. At the moment we are doomed to make up and compensate for quality with quantity.

It is a question of mobility. But that is not being discussed. The Duma has been told of our estimated requirement of 85 trillion rubles [R], the minimum being R57 trillion. That is the level that will prevent the Russian soldier being brought to his knees.

The Duma approved 37 trillion. Then after long debate added another two. This is reminiscent of the situation in the well-known film where that splendid actor Yuriy Nikulin throws a sack of sugar in the still, then performs logarithmic calculations, looks at the pressure gauge, and adds another piece. R40 trillion will not solve the problem. The bulk of experimental-design and research work will be axed. We are cutting the ground from under us, since the military-industrial complex system was a very powerful system and has still not exhausted its potential. It must be rescued; that may be the only thing we have left.

[Gamova] You said that you are a politician insofar as the situation dictates. Could you please explain....

[Lebed] Who in our country can say that he is a professional politician? All our present politicians are indeed home-bred. Some previously stood at the work bench, some were in charge of a laboratory. So, when a former lathe operator or laboratory head starts reproaching a general with getting involved in politics.... I see nothing seditious in this. In our country life, the situation compels generals to engage in politics. In a civilized state you cannot herd the Army into politics with a stick. Our country is another matter: Here any question is a question of politics. Apartments are politics, pensions too, the question of the withdrawal or civilized departure of Russian troops or the Russian diaspora from the newly formed young states is also politics. Everything is interconnected.

When tackling any problem you must remember that all policy is based on a definite force. You can be as eloquent a speaker as you like, that is a heavenly thing, but if you have no one behind you....

There is the law of the strong. It is not overtly proclaimed by many people, but it is indeed to be found lurking in everyone. If a state is strong, it is treated with respect and reverence....

[Gamova] Who is behind you?

[Lebed] Common sense. And, since I am the commander, the Army, a well-trained Army, moreover.

[Gamova] What about political forces?

[Lebed] I have no political forces behind me. Let anyone who does not trust me name the party, movement, or public organization that could claim to own me.

[Gamova] On which of Russia's politicians could you rely?

[Lebed] I cannot see any. Zhirinovskiy is a minus, Gaydar too, Yeltsin is a minus, and Travkin is more of a minus than a plus. A Russian politician should protect the interests of the Russian state and not lobby anyone who often harms those interests. What has changed? It is the same people who have swapped their party cards for democratic slogans.

[Gamova] When you speak of the force that politicians need, are you referring to the Army?

[Lebed] Unequivocally. Would it have occurred to some Afghan mojahedin ten or 15 years ago to attack the Soviet Union? It was sancrosanct territory.... Now they feel free to impudently make their way in. To Tajikistan, then they will be crossing Tajikistan. No problem. Or take Estonia's impudent claims to Pechora. It is laying claim to an area that never belonged to it. Almost as a war indemnity. What is this? For a long time now we have had to explain, as it says in the well-known film, that "your place is in jail, guys." The state may potentially gain strength. Its strength lies in the economy. But there are situations like today when it is necessary to practice basic survival, preserve this system, and gain time to build up muscle. And not let ourselves be torn apart. Admittedly there is now less tendency to disintegration. All manner of sovereign okrugs with republics' rights have appeared. Some one counted a possible 96 formations. Chechnya is still causing a hullabaloo. We can and must talk to it. But people down there yell at the slightest provocation—we will proclaim a holy war, down to the last Chechen. Well then, have your holy war, get down to the last Chechen, then what? How can a civilized person say that? The Chechens and the Ingush.... Needless to say, it is harder to ponder how to live or survive than to get involved in a basic chaotic fight. And there is fighting under way down there. A fight that has long been pointless. Take Armenia's war with Azerbaijan. Is there any point to it? No. Can there be a victor? No again. But the war is going on. There is no point to it, no victory, and no end to it. They are gobbling up their last resources. And what is the outcome? Well, they have won power and destroyed everything. Who will restore it, a rich uncle? No, they will have to do it themselves. They have exhausted themselves and by and large represent easy pickings. For whom potentially? Iran, should it so desire.

The same could even befall Russia, which is threatening to become an area that performs three functions: supplies a cheap work force, supplies cheap raw materials, and acts as a universal dumping ground for all manner of waste products, including radioactive waste. The worse life is for these cattle, the sooner they will croak.

There is no force other than the Army to check the situation. Politicians should have this force behind them. The MVD [Ministry of Internal Affairs] has its own functions, as does the security service. Preserving the Army is the basis for preserving the integrity of the state.

[Gamova] Does the person who realizes that stand to gain?

[Lebed] Sure. I do not praise Pinochet in principle. But what did he accomplish? He averted the total collapse of the state and brought the Army to the fore. With its help he forced everyone to simply do their job. He brutally silenced all loudmouths. Everyone began to slave away. Chile is now a prosperous country despite its absurd geographical position—that sausage stretches thousands of kilometers. This confirms the theory whereby you slam your hand down on the table once, sacrifice 100 people to the fatherland, and the issue is closed. Or is it better to have a lingering situation where five people a day are murdered like small fry and then you calculate that you are up to a million.

[Gamova] Nonetheless you have begun to get involved in politics in the Dniester region....

[Lebed] It was the time of the rapid troop withdrawal from the neighboring states of the so-called far abroad—Poland, Czechoslovakia, Hungary, and Germany—in 1986-1989. Agreements on this were signed without coordination with the Defense Ministry. Mr. Shevardnadze scribbled his signature—you people there ponder how to do this. Cadre organs were put in totally abnormal conditions and extricated themselves by sending back officers and NCO's to their places of residence. This policy brought about a situation in the 14th Army where 51 percent of the officers and 79 percent of the NCO's are now locals. The Army has not only human but also economic ties with the region. I procure food here, I pay for municipal services here, servicemen's families live and work in Tiraspol. There is no Russian Embassy in Tiraspol, it is in Kishinev [Chisinau]. In 80 cases out of 100 sending a Dniester man to the Russian Embassy in Kishinev will be seen as an insult. They come to the 14th Army and we have to resolve their problems.

The small region is quite visible. Crime, corruption.... Problems have become interwoven in a Gordian knot that cannot be unraveled. Alexander of Macedon recommended cutting that knot.... But it seems too early to cut it.

[Gamova] This is a question of authority. But there is also the population.

[Lebed] Remarkable people live here, and I do not have the slightest reason to divide them up on ethnic lines.

[Gamova] But do you find it heart-warming that most of them are Slavs?

[Lebed] Unequivocally. But the situation is tragicomic. The tragedy is that the people living here do not have an opportunity to return to their historical homeland. But at the same time they are so to speak more Catholic than the Pope, that is the most Slav of the Slavs. They fight for Russia's interests more than the people who live there. That is understandable: People in Russia know that everything around them is their homeland, everything around them is theirs. People here understand that you cannot make up tomorrow for what you lose today.

[Gamova] In an interview with MOSKOVSKIY KOMSOMOLETS you said that you would not offer your hand to Smirnov, head of the Dniester administration. What about Snegur?

[Lebed] They have both reached the end of their tether, both have been sullied by the war and are drained....

[Gamova] The Moldavian press wrote that you had refused to accept an invitation from parliamentary chairman Luchinskiy to come to Kishinev and meet with the republic's leadership....

[Lebed] I received no such invitation. It is not my job to meet with the leadership. Except within the framework of the negotiating process on the Army's withdrawal.

[Gamova] But the dates for the withdrawal have already been designated?

[Lebed] If you regard the negotiating process as a tripartite process involving Moldavia, Russia, and the Dniester region, the aspirations of all sides are centrifugal. What do people in the Dniester region want? For the Army to stay here forever. In the event of its being withdrawn, the demand is that all the equipment should stay here. The Dniester region knows that the Army is 80-percent staffed with people from this region and feels relaxed in that context. But neither the Dniester region nor Moldavia is able to maintain such an Army. If it is left here, it will turn into semiguerilla formations that will live by looting.

What does Moldavia want? Its slogans are as follows: Down with the 14th Army in all cases. Transfer equipment and arms to Moldavia. That is funny. The Dniester region is Moldavia's territory but there is not a single soldier or policeman here, the region is not controlled by the republic. To whom will the weapons pass if I abandon them? To the Dniester region once again. And it will have five times more tanks than Moldavia. The following trend can be seen in Moldavia: They want the Russians to pull their chestnuts out of the fire, and then they will bite the hand that did it. That won't happen. Emotions are all very well, as are calculations. They must agree the withdrawal dates. While observing political and economic conditions. The political conditions boil down to the idea that the population must be in agreement, while the economic conditions are essentially a matter of ensuring that it is clear who pays and where the troops will be withdrawn.

There is nowhere for Russia to take the Army now, there is no point, and at the moment it is inadvisable. Leaving aside the Russian political leadership, the military leadership takes a negative view of withdrawal in the near future.

[Gamova] What is your relationship like with Boris Yeltsin?

[Lebed] What kind of relationship can I have with the president? None at all. Admittedly, he did quote me a little in his "View from the Kremlin" [Zapiski prezidenta]. If there are quotes from my book, he must have seen it or read it, or at least been told about it. It was printed in the Dniester region, but it has also been suggested that it be published in Russia. To be more correct, it can be described not as a book but as a chapter of a book.

[Gamova] Is writing memoirs your hobby?

[Lebed] Not memoirs, but talking about time and things I have encountered. About how a secret organization was glimpsed on both sides....

[Gamova] And also about the Army?

[Lebed] About the Army too since it was at one time ruined consistently and deliberately.

[Gamova] Apart from your own, are you interested in any other literature?

[Lebed] I am not a hunter or a fisherman, so in my spare time I get pleasure reading Saltykov-Shchedrin and Simonov....

[Gamova] What about modern writers—Solzhenitsyn, for instance?

[Lebed] Aleksandr Isayevich is undoubtedly a wise man. But there much wisdom contains great sadness. I personally sometimes have difficulty with him; there is in many respects a hint of past grievance in his writing. He lives with that like a man with his face looking backward. There are communists like that, but he is an anticommunist, yet still his face looks backward. A clever, honored, lonely old man comes home and from the outset starts badmouthing everyone. He abuses Gorbachev, abuses Yeltsin (whom does he not abuse). There is democracy, but the wrong kind.... I agree that it is wrong, but that can only be judged by someone who has had a bellyful of democracy here....

[Gamova] You do not go fishing, and it is said that you do not drink on principle. But why?

[Lebed] I simply decided that in this drunken country I would not drink....

Kozyrev Interviewed Before ASEAN Conference

LD2007185894 Moscow ITAR-TASS in English 1821 GMT 20 Jul 94

[Text] Moscow July 20 TASS—Russian Foreign Minister Andrey Kozyrev left for Thailand on Wednesday to attend the upcoming ASEAN conference opening shortly in Bangkok.

Meeting journalists before his departure, Kozyrev said that "we and our partners want Russia to help maintain balance, not confrontation in the Asia-Pacific region."

He expressed the confidence that the ASEAN (Association of South East Asian Nations) conference will become "a new step toward Russia's integration into the region." "Russia has primarily economic interests there and, in my view, our Siberia and the Far East can become 'young Asian dragons'," he added.

"Our present challenge is to pursue the most favourable foreign policy to make such a thrust to the region's markets possible," Kozyrev said.

There will be a serious discussion of Asia-Pacific security which will involve representatives of the ASEAN countries, Russia, the United States and the European Union, he added.

"It will be a very important and useful discussion because we are concerned about security in the region, the situation on the Korean Peninsula and Cambodia and other issues connected with current or potential conflicts," Kozyrev said.

Asked if such broad participation will not transform the ASEAN conference into some sort of an "Asian CSCE," Kozyrev replied that "there are specific conditions in Asia and Asian countries do not show the signs of readiness to go that far."

"At the same time, the very fact that such broad and substantial dialogue will take place is a step toward developing cooperation in the sphere of security," he noted. "So far no question of a 'CSCE format' or something like that is on the agenda. I think that we should not try to apply the experience of one region to another. We have finally got rid of that syndrome caused by decades of total isolation of the Soviet Union."

"If we recall the Vladivostok and Krasnoyarsk initiatives made in the Gorbachev era, we will see that behind them stood people who did not have sufficient knowledge of the Asia-Pacific region because Moscow had virtually stood aloof from it," Kozyrev said.

"Now we know the Asian conditions much better. We are not some novices who do not know the rules. We do not act like an 'elephant in a china shop.' We are working on the real ground and in the real situation. In my view, even without applying the CSCE experience to Asia there are possibilities and a keen interest, both on our part and on the part of our partners, in seeing Russia helping maintain balance, not confrontation in the Asia-Pacific region," Kozyrev said.

Asked about Russia's readiness to participate in developing confidence-building measures for the Asia-Pacific, Kozyrev replied that "we are ready to move toward confidence-building measures and a dialogue, but we have to take into account the position of other countries which often take a much more cautious approach than we."

"Some states, such as Australia, propose security initiatives for the Asia-Pacific which are similar to ours," he continued. "But the opinions are very dispersed—there are countries which are extremely cautious and there are countries which are ready to go rather far. Between these poles lies a common denominator which could provide the basis for a dialogue on Asian security," Kozyrev said.

Speculation on New DPRK Leadership Cited

MM2007163594 Moscow ROSSIYSKAYA GAZETA in Russian 20 Jul 94 First Edition p 6

[Report by Boris Filippov: "Farewell to Kim Il-song"]

[Text] Tens of thousands of Pyongyang people went out onto the city streets in the heat of yesterday morning to bid farewell to the late DPRK President Kim Il-song.

As the limousine with the coffin drove through the streets a very large number of people in the crowd, mostly women, wept and stretched out their hands to him, crying "father" and "beloved leader!" But there were also many who looked on the funeral procession with a calm or stern expression, not giving away their emotions.

North Korea's continuing isolation from the outside world is causing international observers to come up with a great variety of suggestions regarding the country's new leader and particularly regarding the domestic and foreign policy which he will pursue.

The real power and position of the heir to power, the late leader's son, Kim Chong-il, are giving rise to doubt among Western observers of Korean questions, Canada radio has reported. They are sure that among the Korean military there are many who are opposed to Kim Chong-Il. To preserve political stability and public order in Korea these people may support him for a while but it is hard to say how they will behave in the long term.

Some observers believe that Kim Chong-il will not stay in power for more than a year and the military will then seize power and establish control over the country.

Seoul believes, South Korean radio reports, that after the new leadership has come to power in Pyongyang it will be essential to prepare again for an inter-Korean summit meeting. After all, even if the plenum of the Korean Workers Party Central Committee and the session of the North Korean Supreme People's Assembly swiftly appoints Kim Chong-il as general secretary or president, thus putting into his hands all the main levers of absolute power in the north of the peninsula, he will still need some time to master this new role and make himself completely secure.

Foreign Ministry Official Views Middle East Talks

LD2007162094 Moscow INTERFAX in English 1519 GMT 20 Jul 94

[From the "Diplomatic Panorama" feature: Reports by Diplomatic Correspondents Igor Porshnev, Yevgeny Terekhov and others]

[Text] Russia is for a comprehensive settlement of the conflict in the Middle East.

The director of the Middle East and North Africa Department of the Russian Foreign Ministry, Viktor Posuvaliuk has said that "Moscow has never given up this thesis and won't ever drop it, because only after a sensible completion of the negotiating process in all directions will peace and calm be restored to the region".

At the same time he said that "synchronizing progress at all stages of that process would be impossible". Posuvaliuk believes "it would be short-sighted to think that progress in one direction, say Jordanian or Palestinian without progress in others, for instance, Syrian or Lebanese would guarantee peace and stability in the Middle East".

This is precisely the reason why Russia as a co-sponsor of the settlement calls on all parties to cooperate and coordinate efforts, said Posuvaliuk, who returned from a tour of Middle East countries several days ago.

Among other countries he visited Tunisia, where he attended the session of a cooperation committee - a multi-lateral body concerned with such problems as ecology, economics, arms control regional security, refugees and water resources. This conference is convened every six months under the co-chairmanship of Russia and the United States.

Posuvaliuk said he was satisfied with the results of the committee's session. "The participants made a decision to draw up within the next few months two basic agreements that would set the main political bearings for the multi-lateral forum's further work", he said.

After Tunisia Posuvaliuk visited Syria and Jordan in the capacity of the Russian president's special Middle East settlement envoy. About his talks in Damascus Posuvaliuk said both sides had the intention to expand cooperation.

Posuvaliuk said that in Jordan the leaders of that country briefed him on likely steps within the framework of the just-started Jordanian-Israeli talks and a trilateral meeting in Washington scheduled for July 25. Taking part in that meeting will be the Israeli Prime Minister, the King of Jordan and the US President.

Posuvaliuk welcomed "shifts in the Jordanian direction of the negotiating process towards satisfying the national interests of Jordan".

"We have invariably told both the United States and Israel that the Jordanian aspect of the Middle East problem should not be left without attention", he said.

Moscow Condemns Bombing in Buenos Aires

LD2007125694 Moscow ITAR-TASS in English 1250 GMT 20 Jul 94

[By ITAR-TASS diplomatic correspondent Yuriy Tyssovskiy]

[Text] Moscow July 20 TASS—"We strongly condemn the bombing of the Argentinian-Israeli Association in Buenos Aires which killed innocent people," Russian president's envoy in the Middle East Viktor Posuvalyuk said.

In an interview with ITAR-TASS on Wednesday, Posuvalyuk said that the terrorist act aimed at derailing the Middle East peace process. It is similar to the massacre in Hebron last spring when a bigot extremist killed believers in a mosque and the recent accident at the check point Eretz on the border between Gaza and Israel, he said.

At the same time, Posuvalyuk believes that the peace process which has been severely tested lately has become irreversible. He warned against recoiling back to the situation of hopelessness, impasse and confrontation.

Posuvalyuk stressed that this would bring more pain and suffering to the people who pin their hopes for peace in the region on the ongoing peace talks.

Abdulatipov Meets Islamic Conference Delegation

LD1907213094 Moscow ITAR-TASS World Service in Russian 1422 GMT 19 Jul 94

[Text] Moscow, 19 Jul (ITAR-TASS)—Ramazan Abdulatipov, deputy chairman of the Russian Federation Council, today met a delegation of the Islamic Conference Organization [ICO], headed by its general secretary Hamid Algabid. The ICO unites 50 Muslim states of Asia and Africa. Azerbaijan, Turkmenistan, Tajikistan, and Kyrgyzstan became members of the ICO in 1991-92.

The ICO leadership hopes that Russia will join the process of a peace settlement in such "hot spots" as the Caucasus, Bosnia-Herzegovina, Afghanistan, and Tajikistan, those regions where Russia's position plays an important role in the political and humanitarian aspects.

For his part, Ramazan Abdulatipov expressed concern at the trend to give the purely political-economic claims of criminal groups in these disturbed areas a religious slant. The purpose of such actions is to achieve power, even at the price of bloodshed, using as a cover the noble mission of defending this or that belief.

"In this situation," R. Abdulatipov stressed, "the ICO's mission to step up the propaganda of Islamic education, culture, and traditions, in order to exclude the possibility of an incorrect interpretation of Islam in favor of fundamentalism, is an important one."

The sides, as Ramazan Abdulatipov's press secretary reported, agreed that the position of Russia, as a mediator in settling conflicts, is a very difficult one. If it does nothing, Russia is accused of indifference, and any moves it may make are seen as interference. However, there is no getting by without Russia's assistance and mediation. In order to influence the peace processes via the ICO in the interests of the whole world community, Russia must cooperate more actively with this international organization, and perhaps even permit associated membership in it of certain republics of the Russian Federation.

Yeltsin Order Marks End of S. Africa Sanctions

MM2007132194 Moscow ROSSIYSKAYA GAZETA in Russian 19 Jul 94 First Edition p 4

[Directive of the Russian Federation President: "On Measures in Connection With Terminating the Application of Restrictions Introduced by the United Nations Security Council on Cooperation with the Republic of South Africa"]

[Text] In connection with the 25 May 1994 UN Security Council Resolution No. 919 stipulating the termination of the application of restrictive measures introduced in respect of the Republic of South Africa, it is incumbent upon all state institutions, industrial, trade, financial, transport and other enterprises, firms, banks, organizations, and private individuals under the jurisdiction of the Russian Federation to proceed in their activity from the premise that all restrictions on cooperation with the Republic of South Africa, established in line with UN Security Council decisions, have been abrogated.

[Signed] Russian Federation President B.N. Yeltsin,
2 July, 1994,
No. 376-rp.

AN-12 Plane Hit by Missile in Angola

LD2007190194 Moscow Radio Rossii Network in Russian 1700 GMT 20 Jul 94

[Text] An An-12 plane with a Russian crew was fired on in Angola. This happened when the plane was delivering a consignment of diesel fuel to Malanje from Luanda. One of the crew members was injured. The crew managed to take the plane to Luanda and land safely at the local airport. An inspection of the plane that was carried out afterward showed that a missile was fired at it.

The An-12, which was fired on, together with a few other Russian aircraft, is working under contract in Angola for the local company Air (Nacuja).

Political Issues

Khasbulatov's First Interview Since Parliament Eviction

LD2007232994

[Editorial Report] Moscow Russian Television Network in Russian at 1625 GMT on 20 July carries on its "Details" program a 9-minute interview with Ruslan Khasbulatov, former Russian Supreme Soviet chairman, his first since he was evicted from the White House. The program is presented by Sergey Dorenko.

The program starts with video showing Khasbulatov seated at his desk accompanied by the following Khasbulatov recording:

"I do not need any handouts from Yeltsin, and I can return to political work when I want and in what capacity I want without permission from Yeltsin. It is not a matter of Yeltsin or of my being afraid of anything. It is my principled view that I do not wish to be involved in any of these political battles. What does Yeltsin have to do with this?"

Dorenko, speaking in the studio, then says: "Good day! Ruslan Khasbulatov has not given a single interview since he left the White House after the October crisis last year. He has been keeping clear of journalists, rallies, and political gatherings. Outsiders could get the impression that Khasbulatov is satisfied with his role as department head at the Plekhanov Academy. At the present time, however, he is making a fresh attempt to return to politics—this time in the role of mediator between the Chechen opposition and President Dzhokhar Dudayev, and, although Khasbulatov himself is very reluctant to admit it, possibly also between Moscow and Groznyy. Here is his vision for solving the Chechen crisis in this first interview by the former chairman of the Supreme Soviet, specially for the viewers of the 'Details' program."

Khasbulatov then says: "Unfortunately, as you know, thanks to the activities, if one may put it that way, of Dudayev and the people around him, quite abnormal relations have come about over the past three years since autumn 1991 between Russia's federal authorities and the Chechen authorities. I have seen thousands of people affected by grief and suffering. They have in the literal sense demanded some kind of action from me approximating to the plan that I put forward literally a day or two ago."

Dorenko, back in the studio, comments: "Khasbulatov considers that the most useful thing at the present time would be Dudayev's honorable resignation with Dudayev's people being allowed to take part in the organization of fresh elections under the supervision of a dozen people with moral authority in Chechnya, among whom Khasbulatov named himself."

Dorenko is then shown addressing Khasbulatov during his interview. He asks if Dudayev is tempted to struggle on to the end because his people may think that they will be shown no mercy. Khasbulatov says the following:

"Quite right. This is why I am proposing that these people may even aspire and participate in the provisional government. This is why I put forward the idea of guarantors. I am not proposing that they be some kind of officials there aspiring for office but, say, 10 or 12 of the most respected moral authorities in the republic, who would watch over and supervise the implementation of an agreement. Under no circumstances therefore must the matter be reduced to a settling of scores, hounding, and so on. Peace and the interests of individuals are more valuable. One needs to proceed on the basis of such formulas. Look, this approach indeed exists in world practice. As you know Pinochet had over 50,000 victims shot. Nevertheless society reckoned that it was not worth pursuing a line that would keep this individual thinking all the time that he needed to preserve his power if he was not to be taken and thrown into jail."

Dorenko, resuming in the studio, says: "It is interesting that without any particular pressure Khasbulatov refers to Chechnya as part of Russia, which of course can only be to the liking of the Kremlin, and it is possible that he has indeed managed to gain the prestige of an arbitrator in Chechnya. At any rate Khasbulatov says with confidence that he has the backing of millions in the part of Russia called Chechnya."

Khasbulatov then says: "I can at any moment arrive anywhere I like in the territory of the Russian Federation, including in Groznyy, and I assure you that nobody will ever raise his arm to infringe my rights in any way. If Dudayev were to try to do so, he would himself be swept away by these million people who are expecting from me some solution to the crisis. Therefore in this instance I consider that I have no option but to perform this kind of peacekeeping function."

Dorenko then says: "Khasbulatov is possibly sincere when he says that in Moscow he does not rely on any politicians in the state structures. He claims that this initiative is all his own doing. I was unable to hide my distrust of Khasbulatov during the conversation. He bided his time for too long. He was afraid for too long to compromise himself by a wrong move after the October defeat to appear now without any political consequences. This is somehow very improvident, some-how not Khasbulatov's style. But no, we did not succeed in finding out any information about the Moscow card-games of patience."

Dorenko then asks the following question: "Do you rely on specific people?"

Khasbulatov says: "What do you mean rely? On what people? I do not rely on any people. Where would I get the people from? I am alone. You see that I am the head of a department in an institute. What people? I was—I am explaining to you—it is very simple. You are beginning yourself already somehow to get carried away as though I here am the carrier of some...." [Dorenko interrupts, asking what Khasbulatov's scheme is]

Khasbulatov says: "My scheme is simple. I was there. Demands are being made by one million there. And not just a million—more than a million. The republic's entire population demands that I take part in their fate."

Dorenko wonders if Moscow is unequivocally counting on Dudayev.

Khasbulatov says: "He won't do anything. I am telling you once again, no matter how much Moscow stakes on Dudayev he is going to be removed in the present conditions. That, after all, is what we are talking about. This must be understood. Both Moscow and Dudayev must understand this. There is no force which will save Dudayev. He is doomed."

Dorenko continues with his commentary: "Nevertheless, Khasbulatov is not seeking to be isolated from Moscow politicians and even proposes cooperation with them. It is interesting that for the time being he excludes Boris Yeltsin from his list of his possible allies but refrains from direct attacks on the president and gets more irritated when those surrounding Yeltsin are mentioned." He then tries to ask if Yeltsin, since he has a "colossal memory," will not forgive, but Khasbulatov interrupts with the following:

"Sorry, but he does not have a colossal memory. I know this better than you. Well, do you think that he himself remembers that a dacha should be taken away from someone or other. He has thousands of spongers who remind him there and then: it would be a good thing, Boris Nikolayevich, to take away someone's dacha.

"You know, I am even probably not all that weak a politician in order to at once sense some jealousy. On the contrary, I would be ready to help both the new parliament and the parliamentarians."

Dorenko continues with the following: "It is not clear that the parliamentarians would agree to Khasbulatov's assistance after he manipulated many of them in the previous parliament. Only, even if they reject him, Khasbulatov does not intend, for the time being, to raise his popularity with the opposition at rallies and processions."

Khasbulatov says the following: "There is no point at all for me in going to these rallies in order to raise my popularity. Good ideas should raise the popularity of an intelligent person."

Dorenko says: "Khasbulatov's thinking, possibly as is the case with many current politicans, is carried away with the example of Belarus where a completely unexpected person became president, something completely unenvisaged by manuals and textbooks: The rulers are fighting against the opposition and then some third person comes along and takes everything. Lukashenka's example is today inspiring those very people who are trying not to burn out by the moment it is time to take the stage."

Khasbulatov says: "When I was in jail—I still have the notebooks I kept there. For example, I had Lukashenka ranked among the first three top politicians. This was as long as half a year ago."

Dorenko asks if something like that happen in Russia? Khasbulatov says the following:

"If something like that happened in Russia, this would of course be a blessing, a major blessing. And of course it will happen. And for this reason the subject which we broached is precisely linked with the fact that this federal administrative-political bureacracy is already afraid of elective democracy."

Dorenko concludes with the following: "While the authorities are occupied with the idyll of universal accord, it is impossible not to hear that Khasbulatov has already been knocking at their door, just as Rutskoy did before him and just as Gorbachev did before that. Perhaps Russia will have to go through the same experience again? All the best to you."

Commission To Draft Power-Sharing Treaties

LD2007193894 Moscow INTERFAX in English 1818 GMT 20 Jul 94

[Text] Russian President Boris Yeltsin on Wednesday issued a decree to set up a presidential commission to draw up power-sharing treaties between central and regional authorities, the presidential press service said.

It said the 43-member commission, to be headed by Deputy Prime Minister Sergey Shakhray, would have to formulate for the president proposals concerning the legal basis for power-sharing treaties and legislative acts.

Solzhenitsyn Vows To Avoid Politics

LD2007153094 Moscow INTERFAX in English 1310 GMT 20 Jul 94

[Text] Russian writer Aleksandr Solzhenitsyn has reaffirmed his decision not be involved in any political activities in Russia, where he has recently returned.

"I will not be setting up any parties, I will not get directly involved in politics, I will not accept any official post, nor will I be a (parliament) deputy," Solzhenitsyn said on Tuesday in Yaroslavl, a city 300 kilometers north of Moscow. "I remember that I am a writer, and, as soon as possible, I'll get down to my unfinished literary work."

The famous former dissident said he had interrupted his literary work and come home to try to exercise some kind of influence on Russia's grave situation.

He said his journey through Russia had confirmed the impression he had had in the United States, where he had spent nearly 20 years, that his homeland was "in big trouble."

Solzhenitsyn said the complaints he had received in about 20 Russian cities and towns had given him the impression that the country was ruled by "pseudodemocracy, much of the officialdom is corrupt, the rights of the ordinary person are being violated and must be resolutely defended." He said that Russia had missed its "finest hour" by failing to fully wipe out communism in August 1991 and that today any public action against the former Communist Party was out of the question.

"Zhirinovskiy, who has scared the West out if its wits, won the election because those who had come to power after the collapse of the (1991) coup did not see how bitterly the people were suffering, because they missed their chance and were making thoughtless and stupid moves," the writer said.

It would almost seem that Zhirinovskiy was a political figure "deliberately created to cause worldwide hatred of Russian patriotic and national ideas," he said.

It is not presidential decrees or parliamentary decisions but the fight of ordinary Russians for true freedom and democracy through referendums and local elections that will renovate the country, Solzhenitsyn said. "That is a gradual purification that will take many years," he said.

Although very critical of Russia's reforms, Solzhenitsyn believes the people's moral potential had not been destroyed, which has given "an optimistic tinge" to his return to Russia.

He will arrive in the capital on a Beijing-Moscow train on Thursday.

Problems Remain in Formerly Closed Towns

LD2007214894 Moscow ITAR-TASS World Service in Russian 1552 GMT 20 Jul 94

[By ITAR-TASS correspondent Anna Bakina]

[Text] Moscow, 20 Jul—The names of the towns Kremlev, Snezhinsk, Lesnoy and a number of others will be appearing on new maps of Russia in the near future. They are the names which are now given to closed towns such as Arzamas-16, Chelyabinsk-70, Tomsk-7, and Sverdlovsk-45. ITAR-TASS was told this by Georgiy Kaurov, head of the public relations department of the Atomic Energy Ministry.

However, simply changing the names will not solve the problems of the closed towns. There are many social and financial problems awaiting solutions. According to data from the Russian Federation Defense Ministry, 30 percent of the wives of servicemen at closed installations do not have jobs and this undoubtedly affects the family budget. Still awaiting its final solution is the question of providing a sufficient and stable supply of foodstuffs. Finally, virtually every closed town is awaiting payment of its debts from the state.

Local Nomenklatura Seen Retaining Power

MM2007115194 Moscow IZVESTIYA in Russian 14 Jul 94 First Edition p 5

[Part Six of series entitled "Who Wields Power in Russia?" by the IZVESTIYA Analytical Center and the International Center for the Study of Political and Business Ethics: "Bigwigs Hold All the Aces in the Russian Regions: The Elite Is Coming: Don't Hold Your Breath for Something To Happen"]

[Text] The IZVESTIYA Analytical Center:

It is a historical paradox that Boris Yeltsin, who took such pains to destroy the Union center, finds himself obliged to expend most of his energies on saving Russia from the fate of the disintegrated Union. The initial improvizations, the playing things by ear, relying on intuition, insight, or inspiration—from "take as much sovereignty as you can" to the erection of the shaky structures of the "new federalism"—have been replaced by purposeful searches for a model capable of ensuring the integrity of the Russian state body and averting the seemingly inevitable conflict between "Russia's peoples" and "Russia's lands."

In order to understand the existing problems, we should obviously clarify the nature of power at local level.

But There, in the Russian Heartlands...

From door to door, through the ruts, potholes, and grooves the propaganda bandwagon—a former obkom [oblast party committee] "Volga," a former raykom [rayon party committee] "Gazik" truck, or a former village soviet sledge—is on the move. The riders stop outside the huts, dust down their felt boots with birch twigs, clear their throats, and the propaganda work begins. Formerly it would have been called anti-Soviet and would have incurred a prison sentence. Today it is completely pro-Soviet, or, to be more exact, anti-Yeltsin agitation, and carries no such penalty. There's democracy for you.

The cleared throats all sing the same tune, the contents of which varies depending on the event which has caused the propagandists to forget about the shortage of gasoline or oats. For instance, on the eve of the referendum on the draft Constitution they canvassed the rural electorate to vote against: They said that the Constitution deprived Russians of the right to free education, medical service, and old-age pensions. It is a different story entirely when it comes to discussing questions of private ownership of land and the privatization of farms: The influential elite drums into people that land reform will lead to "Russia's being sold off abroad." Farm leaders—to give them their old name, kolkhoz chairmen—play the leading roles.

Masterly in toying with democracy, the rural nomenklatura invariably secures an excellent result for itself.

In Penza Oblast, for example, 51 percent of rural voters voted for Yeltsin in the presidential election compared to 75 percent of city voters. In the referendum last April the Penza countryside expressed no confidence in the president. Only one rural rayon voted for the draft Constitution—in other words, the oblast rejected the draft Fundamental Law. It sent to the State Duma not a local Penza man but Viktor Ilyukhin, a Moscow lawyer. Again it was the countryside which had the decisive say, giving him 38 percent of the vote—11 percent more than city dwellers.

The political battles seething inside the Garden Ring beltway are waged on the sidelines and in isolation from the other wheels of power which radiate in concentric circles across rural, interior, provincial Russia. Power in the village, that is to say, the country's nucleus from time immemorial, is firmly in the grip of farm leaders and heads of rural administrations. They govern the villages, keeping them dependent and static—which by no means facilitates their transformation into social buttresses for the federal authority. The extent to which the countryside is controlled was graphically illustrated by the two rounds of elections to the State Duma. In certain regions of Tataria, for example, a voter turnout of 0.01 percent was achieved, whereas subsequently, when the opposite result was needed, the turnout was 99.9 percent.

Irrespective of sympathies or antipathies toward particular governors—the president's proteges—the rural provinces invariably vote against them. For instance, in April and December of last year Governor Aleksandr Kovalev, who is popular in Voronezh Oblast, called on the population to support the head of state's socioeconomic policy and vote for the new Constitution—the oblast voted against both the policy and the Constitution.

The silent majority, who still have not kicked the "voting habit," are people who, as before, decide little but still vote. Their existence gives rise to a special "power over votes," which, irrespective of the degree of real political pretensions of the wielder of that power, constantly promotes antireformists, antimarketeers, and anti-Yeltsinists to the fore in Russian politics. More often than not it is those who have suffered from the reforms who make these people regional leaders. A parallel impression is that the federal authority is losing out in the Russian heartlands by concentrating its efforts and attention solely on the macroregional level.

One-Third of a Cow in the Diamond Coronet of Power

In effect, nothing has changed from the viewpoint of property relations in the countryside. The shortlived reorganization of kolkhozes and sovkhozes into joint-stock companies and limited partnerships of 1992 formally made every rural worker the owner of the land and everything grown on it. Something democratic and market-oriented was created, capable of bringing in handsome dividends. However, studying the charters of collective enterprises, you see that the employee's share is not his personal property—it gives him only the right to receive dividends. The countryman's rights to a share in property are also restricted by last year's presidential edict "On Regulating Land Relations and Developing Agrarian Reform in Russia." Now anyone wishing to leave a farm can reject a property share in kind and substitute it for indexed monetary compensation. With this money today he could buy half a cow, tomorrow—just a third: Real inflation considerably outstrips the indexation of the minimum wage.

Yet again the peasant feels cheated. He is called an owner, given his "freedom," but all paths to entrepreneurial freedom are barred. Only one path remains: to go to the lord and master of whole village—the chairman—cap in hand and ask for day-labor. In the light of this fact, the causes of the mass collapse and closure of private farms can clearly be seen. In the aforementioned Penza Oblast more than 700 farms—one-fourth of those which emerged on the wave of democratic euphoria—went under in 1993 alone.

Collective enterprises, tied to the state by state credits and state subsidies, continue to strengthen the base of the rayon and oblast functionary class. Today's agricultural aktiv is quickly making up for the loss of the "party-" prefix. In other words, having recovered from the shock, the nomenklatura has organized into the party of the ruling elite. Casting off the religious trappings of communist ideology as no longer necessary, it does not even bother with building itself a new image, establishing its power by using the two-way mechanism of the departmental, ethnic, class, and tribal pecking order.

Well, Are They Really Yesterday's Men?

Old themes in new settings are a universal phenomenon that embraces the Russia of lands, krays, oblasts, or republics. The new edition of the Voronezh Oblast telephone directory of administrations and economic leaders contains exactly the same names as the 1990 edition. In the oblast's 39 rayons only five local administration leaders are "new men." The reliance on "tried and tested cadres," on managers who have undergone rigorous selection procedures in the purgatories of party committees cannot be contested by formal references to their political genealogy or to party preferences: There are no other cadres—the new ones have either made a mess or have not yet been created. Well, in the upshot the old power is regaining lost ground. In many of the oblast's rayons communist organizations have been restored. R. Gostev, former Voronezh Obkom secretary for ideology, is now a State Duma deputy. Former Obkom First Secretary I. Shabanov is speaker of the oblast duma. N. Sulzhenko, former raykom first secretary, is leader of the Association of Private Farms.

There would be no problem, but the "new old nomenklatura" does not intend to hand over its power to anyone else. It does not allow any "separation of power," Vladimir Belyayev, a political scientist from Kazan, believes, clearly having in mind the Tartarstan heads of city and rayon administrations as a body: Its 52 members include 37 former party workers, 22 of whom are former first secretaries, and a further four former second secretaries. All the republic's top officials have been party workers in the past: President Mintimer Shaymiyev was obkom first secretary, Farid Mukhametshin, the speaker of parliament, was first secretary of the Almetyevsk CPSU Gorkom [city party committee], and Prime Minister Mukhammat Sabirov worked for four years as second secretary of the same gorkom.

To draw far-reaching conclusions from these facts would be metaphysics of the first water. Who in our country's highest echelons of Russian power is not a "former somebody"? However, the swift changes of clothes have, first, caused formerly concealed foul play to move to the front stalls of the open battle for power; second, they have by no means weakened but, rather, have strengthened the fundamentals of nomenklatura absolutism; and third, they have scarred feudal-regional formations with the dangerous cracks of Russian schism. Furthermore: Given its predilection for instantaneous mimicry, the stable caste of party and state apparatchiks can obediently switch their coordinates should some new leader or leading party so command them. And then there will be not even the external attributes of democracy; rather it will be the same old totalitarianism again—communist, capitalist, liberal democratic, national socialist, or whatever else you care to name.

The "New Men" Are Not Losing Out Either

It would seem to be time to exclaim: "How right it is, our Soviet power!", were it not for the hot breath on the back of its neck: The "new man" is coming to power with the gusto of Aleksandr Nikolayevich Ostrovskiy's celebrated characters.

Mikhail Surov, 38, from the Volga region, who five years ago hawked cakes from a stall, now owns 34 stores. Behind him is the prisoner's dock and a seven-year stretch for hard currency operations; today he sits on the deputies' bench of the oblast legislative assembly. Developed socialism tied his hands; immature democracy unties them. According to his tax inspectorate records, Surov's profits would hardly suffice to fund his election campaign; television screens and newspaper columns suggest that he had more than enough—people in the Volga region were amazed at the abundance of video clips, television reports, and articles launched in Surov's honor.

Trade in the provinces is the only sector of the Russian economy that has firmly stuck to private hands. In many regions, directors, worn down by defaulted payments and clashes with the government, have relaxed control over the local political elite, and the "new Russians" who have risen to the top on the strength on their trade capital have at once begun to reach out for the helm of power. Those who acquire property on the manifold zigzags of privatization are not making big gains. Some directors insisted precisely on those methods of "destatization" which have given them, if not controlling blocks, then at least huge quantities of shares. But if you recall the catastrophic depreciation of capital assets, the uncompetitiveness of output, and all the various bills with which enterprises are burdened, directors, with rare exceptions, control not so much capital as debt. True, that is also capital, but of a kind very few wish to claim. People with sacks of money, though they are also thrusting toward power, seldom manage to seize hold of it. In Siberia's huge expanses only three big businessmen have managed to force their way into oblast legislative assemblies.

Trade is another matter, and here Surov is a emblematic of the type. Private stores account for more than half the oblast's trade turnover, which reaches 210 billion rubles [R] per quarter. The new merchants are setting up their own political organizations and getting through draft laws that are profitable to them, insisting on barriers to stop rivals from outside the oblast. In earning a huge amount of political capital, they increase their commercial capital too. Ideologems which best correspondend to the current political reality acquire circulation: Any political idea, except one which is not to their advantage, is supported. When Gaydar was in power, the merchants canvassed for him. After the 12 December election they declared their sympathies for Zhirinovskiy, who won more votes than any other candidate in the Vologda region.

The further the ambitions, interests, and possibilities of the "new men" extend outside a specific region and the further their pretensions to the upper levels of federal power reach, the more frequently they eclipse the leading lights of the old elite. An object lesson of this kind was given to regional businessmen by Ilya Baskin, a St. Petersburg entrepreneur, who scored a convincing victory over Viktor Kharchenko, chief of the Baltic Maritime Steamship Company and president of the Union of Industrial Enterprises, Construction, Science, Transport, and Communications Associations. He won the battle for the right to build a new Russian port in the Baltic, in the region of Luzhskaya Guba. Baskin's brainchild—the "Garant" firm and the "Ust-Luga" Joint Stock Company—will open a new window onto Europe for Russia, and at the same time a door to power for its owner.

Home Is Where the Hurt Is

Region differs from region; each has its own quirk. But the "tourist attraction" that they all have in common are fights, scraps, and squabbles. The provinces copy the capital in the sphere of punches in the stomach and blows to the jaw, although many suggest that in fact things are the other way round entirely: Regional and interregional troubles are provoked by Moscow.

Whether this is true or not, the problems of real power and the disposition of the forces disputing it are no less acute, complex, and discombobulated in the regions than at federal level. Let us glance, for example, at Russia's jewel and wonder—St. Petersburg, and Leningrad Oblast which embraces it. This embrace is frequently reminiscent of a military occupation—a squabble is underway in good earnest. The unified region has been artificially dismembered, and skirmishes are constantly breaking out between the St. Petersburg and oblast authorities.

This spring the conflict flared up yet again. The press service of Sergey Tsyplyayev, the Russian president's representative in St. Petersburg, accused the oblast administration of violating the constitutional status of St. Petersburg as a city of federal status. In response Oblast Governor Aleksandr Belyakov accused his opponents of artificially whipping up passions and declared his readiness to transfer the oblast center from St. Petersburg to Vsevolozhsk.

All this would not be very important, but this "parade of sovereignties" brings in its wake the absence of a unified, coordinated policy in the sphere of land use, prices on agricultural produce, cadre maneuvers, and so forth.

Still more fierce is the battle for power within St. Petersburg itself. True, in the absence of the city assembly (the weary and disenchanted voter has turned his back on the elections for this body) the St. Petersburg government apparently rules, but clearly in conditions of the rivalry of other rulers.

In many regions the process of the evolution of postcommunist power has been protracted. The Kuzbass is an extremely indicative example. Perhaps the most powerful impetus to the collapse of the obkom dominion was provided by the miners' strike of 1989. The workers' movement, which began in the current of Gorbachev's renewal of socialism, very quickly—within about a year—became an actively antiparty movement. In subsequent years, having considerably assisted the weakening, and then the routing, of the CPSU's power, it almost disappeared in the political sense, as if having fulfilled its main role. Its "child" and successor—the Independent Mine Workers' Union—differs in its albeit truculent, but nevertheless more placid character, in accordance with its own niche and role.

The following phase was characterized by a fierce battle between the executive and representative powers, which in the minds of many people was interpreted as a battle between two policies—the democratic and communo-revanchist and the reformist and the antireformist respectively. This clash was personified in the "Kisluk-Tuleyev conflict."

Where the growth of a similar conflict between organs of power and policies led in Moscow we know from the events of last October. There was no shooting in the Kuzbass. Kislyuk dissolved the oblast soviet by his directive, and Tuleyev, although he described this as the expulsion of deputies by force, acknowledged the senselessness of further battle, obviously postponing it until later. At the same time he stated that power formally belongs to the president's proteges, but in reality it belongs to the mafia.

His opinion was contested with references to the fact that power belonged not only to the president's structures, but also to the soviet structures. Effectively, as often happens in conditions of combat, it frequently belonged to neither party, but was left lying around in the street. And anyone with half a will was truly striving to pick it up.

International Center for the Study of Political and Business Ethics:

Attitude to Moscow: Envy, Passing Into Hatred

In the courtyard of an imposing dacha on Rublevskoye Shosse stands a yacht adapted for children's games. They say that a very old leader of developed socialism liked to go there and take the helm, giving orders to himself. Evidently this was his way of relaxing from the real government of the country, when a powerful liner would change course from the twitching of his eyebrows, let alone that of his finger. But today we cannot escape the feeling that the toy wheel has been transferred to the White House in real earnest. This feeling arises both because of what is happening in the country and from off-the-record conversations between the current top functionaries and discharged functionaries. "They used to agree with us, and then do nothing. And now they tell us to go to ****." The real indicators of the extent to which the country is under central control are kept secret; it is not pleasant to talk about this, just as it is not pleasant to talk about a rope in the home of a man who has hanged himself. Simply, a highly significant report will suddenly appear that Tataria is selling oil to Poland substantially more cheaply than Russia, or Yakut leaders will be filmed in Lugano, Switzerland, at Prince Leopold's villa engaged in mysterious talks with bankers.

The center pretends that it rules, and the regions, though nowadays without making a special effort, nevertheless perform the role of the ruled. It is entirely probable that our next cataclysm, be it political, economic, or natural, will catalyze the process and....

It remains to wonder whether the Bryansk woods or the Siberian taiga will become the new Belovezhskaya Forest. But these are conjectures, something which the contemporary reader strongly dislikes. Here are the facts.

Whom does the population of these same regions think power really belongs to?

We attempted to find this out through our own efforts and with the aid of local sociologists. Unlike the inhabitants of Moscow and St. Petersburg, with whose opinion we acquainted the reader at the beginning of this series, the majority of provincials rejected the idea that the president and central government have real power at local level. The survey showed that 60 percent see the real levers of administration as solely in the hands of the local administration. Forty-five percent believe that the center's role vanished when it ceased to examine complaints from the localities and punish offenders. Forty-nine percent blamed Moscow for all the pernicious phenomena of our life, and 64 percent expressed a negative attitude to it. It is indicative that these are the average figures for 11 regions. The gap between the regions is small. People think roughly the same way in such different oblasts as Penza and Rostov. Around one-half of respondents stated that they are indifferent to what kind of authority they have over them. And here our data coincides with the results of research carried out under the initiative of others.

A Bashkir proverb says: "A father is either loved or feared by his children." Fear of Moscow has disappeared, and there was never any special love, at least in Soviet times. The white-stone city is not forgiven for its sausage-meat mountains and the fairs where produce brought from all the hungry regions was allowed to perish. Every resident of Moscow Oblast who has had to serve in the Army has felt this envy, which passes into hatred. It could become a powerful centripetal [as published] force.

Economic Issues

Yeltsin Reviews Progress of Economic Reform

MM2007154194 Moscow IZVESTIYA in Russian 21 Jul 94 pp 1, 4

[Reprint of INTERFAX interview with Russian President Boris Yeltsin; date, place not given: "Boris Yeltsin: Russia Is the Nerve Center of World Change"]

[Text] During the afternoon 20 July IZVESTIYA received via INTERFAX channels an interview with Russian Federation President Boris Yeltsin. We publish it in full.

[IZVESTIYA] It is now the time for summer vacations, politicians are also going on vacation (which we cannot as yet say about the president). This is probably a suitable time to sum up certain results of Russian reforms?

[Yeltsin] I think you are right. Russian reforms have already been under way for two and a half years. In this time there have been ups and downs. But the transformations have never stopped, and there has been progress.

During the daily grind we constantly return to the central question: Why did we embark on these transformations and why are we insistently persevering with them? What is the ultimate objective of reform? Why does such a high price sometimes have to be paid?

In part the answer is contained in the president's Message to the Federal Assembly "On Strengthening the Russian State." But today we must once again say bluntly that the main aim of all our transformations is to turn Russia into a developed world state.

Russia must be one of the leaders not only in terms of military might. That task has already been set and fulfilled in our recent history.

Today the task is broader and involves gradually attaining the lofty standard of a quality life for man, democracy, order, and effectiveness.

It is to that end that we are implementing economic reform, building a civilian society, and strengthening democracy.

It is to that end that we are pursuing a vigorous foreign policy. Primarily in the Commonwealth of Independent States.

[IZVESTIYA] Incidentally, a few days ago presidential elections were held in Belorussia [Belarus] and Ukraine. How do you assess their results?

[Yeltsin] This is still a matter for reflection as far as I am concerned. But there are obvious points. The elections clearly demonstrated the Belorussian [Belarusian] and Ukrainian peoples' desire for rapprochement with Russia. We value and respect that.

For my part I will say that the Russian Federation is ready for the closest cooperation with neighboring countries and is ready to speed up the development of our relations.

I consider it advisable for the government to hold bilateral or multilateral meetings with the governments of Belorussia, Ukraine, and other Commonwealth countries in order to discuss the new situation.

I think that the government should formulate a medium-term (covering 1.5-2 years) concept for an integration policy within the CIS framework. It should reflect questions of security, foreign policy, economy, culture, language, human rights, and so on.

[IZVESTIYA] Only the dumb have hitherto failed to speak about the rise in prices and inflation. Promises to curb it alternated with predictions of hyperinflation. How do you assess the current situation in this sphere?

[Yeltsin] Let me once again return to the president's Message to the Federal Assembly. You will recall that it set the task of ensuring the economy's security against inflation. Definite results are to hand.

Over the last few months inflation has not only dropped but has been steadily low. Slowly but surely manufacturers' pro-inflationary mentality is becoming a thing of the past.

According to certain data, one in three no longer has any intention of raising prices. And thus if they are not banking on PRICES, they intend to gain via QUANTITY and, importantly, QUALITY.

These sentiments must be preserved and strengthened without fail. Along with the attainment of a really positive bank interest rate and a fairly stable situation on the money markets.

When the 1995 budget is drawn up one must proceed from the premise that inflation should not top 2-3 percent by December 1995.

The anti-inflationary strategy must be continued. Needless to say, it does not preclude flexibility and tactical maneuvers. But all actions must be confined to the budget framework and ceilings on Central Bank credit to the government.

The economic foundations of regional separatism have become considerably enfeebled in Russia. Interregional ties are developing and the unity of the country's economic area is growing stronger.

[IZVESTIYA] The market needs free and independent people. Russian citizens are raised to be devoted to the ideas of equality. And there is a great deal about the current situation that does not suit them. What will the Russian state's policy be like in the social sphere?

[Yeltsin] Over the last six months the government has succeeded in making definite progress in this sphere. I am referring to a certain rise in the standard of living of most people although it remains low for many people.

At the same time the problem of unfair inequality continues to remain one of the most acute. There is too great a disparity between the incomes of the poor and the rich.

What must be done? It is patently inadequate to regularly raise the minimum wage, the income of budget-funded personnel, pensions, subsidies, and grants. One must be bolder in increasing the tax burden on the most well-off section of the population.

Effective targeted aid for socially vulnerable strata of the population is required. And not only from the federal government. But mainly from the regional authorities.

Over the next few months it is necessary to formulate and embark on the implementation of a National Program To Combat Poverty and take urgent steps against unemployment.

[IZVESTIYA] Your edict pertaining to the struggle against gangsterism evoked a wave of criticism from a number of Duma factions. Do you intend to insist on having your own way or will you take the criticism into consideration?

[Yeltsin] You have raised a very sensitive issue for the country.

Along with the edict we now have a program for combating this scourge. The actual edict on the struggle against gangsterism won tremendous support and at the same time came in for forthright criticism. There have even been demands for it to be abrogated.

I can say firmly that it will remain in force until more effective measures have been proposed than those in the edict and until the State Duma has adopted the corresponding laws. I ask all officials to fulfill it unconditionally.

[IZVESTIYA] Summits alone are probably not enough to ensure that Russia is respected by the world? After all, a country's having a fitting place depends on its position on the world markets. What are our prospects like here?

[Yeltsin] It is not only ourselves but the whole world that is coming to see that Russia can implement radical economic transformations by relying primarily on its own efforts.

The movement toward the market is under way, unexpectedly rapidly by world yardsticks, moreover. A new group of vigorous enterprising people is emerging in Russia, who are capable of making a breakthrough in the near future.

The forecasts regarding the breakup of Russia and its transformation into a "peripheral country" are clearly mistaken. Russia is and will remain united.

To the amazement of some and the disappointment of others we have succeeded in not crossing the threshold of civil war. What is more, our country is building up elements of public accord. It is becoming an outpost of stability and peacemaking in the former Union.

The year 1994 is becoming crucial in terms of Russia's international status. The fundamental "cold war" stereotypes are crashing down, stereotypes that have over the last few years continued to exert a noticeable influence on the policy of the developed states. Evidence of this is the Agreement on Partnership and Cooperation Between Russia and the European Union, which was concluded in July, and the creation of a political eight in Naples.

Russia is the nerve center of world change. And its voice is particularly weighty, fresh, and modern. We are not just listeners now. We are formulating proposals, terms, and demands more and more actively.

This is a fundamentally new situation. Russia's actions on the world arena have indeed begun to work toward economic and political stabilization within the country. The new potential must be utilized. Moreover, this must be done in a sensible manner, with an eye to the future, and not only to resolve current problems.

We must know what Russia will be like in the year 2000 and another 15 years on. Long-term guidelines and priorities must be formulated and reflected in economic policy starting with the 1995 budget.

[IZVESTIYA] How do you see the process of overcoming the crisis of payment arrears?

[Yeltsin] Regrettably, payment arrears are still the most acute problem facing the Russian economy. The payments crisis is just a sign that reform is incomplete.

The more vigorously reform proceeds, particularly at enterprise level, the faster we will escape from the crisis. In part this problem is relieved by the measures envisaged in the Edict on the Sale of Debtor Enterprises, On Inspection of Bank Accounts, On the Accountability of State Enterprise Directors.

The crisis of payment arrears is equally a sign of shortcomings in the work of the government and the local authorities, absence of basic financial discipline, and flagrant abuse.

On my instructions the presidential Control Administration has studied sources for the formation of a labor remuneration fund for the personnel of 109 Russian enterprises.

The picture at many of them is simply scandalous. Workers' wages have not been paid for three-four months. Directors yell: "Give us money." And at the same time millions of dollars are being kept in hard-currency accounts and invested in dodgy enterprises and commercial structures.

Money is being spent on certain inconceivable luxuries for leadership personnel, the most expensive automobiles, and so on. They set their pay at 5, 8, or even 11 million rubles a month. Some enterprise leaders have altogether become Russian shaykhs at the state's expense.

At the same time it is primarily the president and the government who are said to be to blame for the holdups with wages. And the government puts up with this debauchery, at state enterprises, moreover!

There are after all the edicts On the Sale of Debtor Enterprises, On Inspection of Bank Accounts, On the Accountability of State Enterprise Directors. Why are they not being put into practice, why are these leaders not being thrown out on their ear?

The government and the Control Administration must take spending of state enterprises' funds under the most rigorous control. And take the toughest measures against offenders.

All the regions' useful experience as regards the problem of payment arrears must be utilized. These proposals do exist and the government should heed them. In particular, the recommendations from Russia's Union of Governors.

[IZVESTIYA] What is your attitude to the view that there is a kind of "nomenklatura democracy" in Russia? After all, many people have been making this claim—from popular journalists to A. Solzhenitsyn.

[Yeltsin] I know about this assessment of democracy in Russia. I cannot agree with everything. But I too am concerned about certain "new phenomena."

You sometimes get the impression that certain departments are headed by technical secretaries in reception rooms. It is impossible to get a phone call through to the leader, much less arrange a meeting with him. Some of those who until yesterday were democrats now see themselves as people of importance and have cut themselves off from this sinful earth.

The attitude taken toward such bureaucrats must be very strict. After all, it is not merely a question of breaching professional ethics. It is also a question of flagrant abuses of official position.

[IZVESTIYA] How do you assess the situation in the agrarian sector?

[Yeltsin] The transformations in the agrarian sector are going slowly. Unfair prices and high bank interest rates are hampering the development of the rural economy. Distortions have been permitted in the privatization of the processing industry. Local monopolies have flourished.

All of this should be rectified in the second half of the year. The reserves available to reform include the formation of regional wholesale markets, the transformation of rural commodity producers into co-owners of processing enterprises, and lending money against output.

Other states support their agricultural producers. We will be doing the same—and vigorously. At the same time, we will also be protecting Russian consumers—our citizens—from artificially inflated prices for both Russian and imported foodstuffs.

The government and local organs have to finally solve the problem of the surplus food that is currently lying like a dead weight in warehouses across Russia and simply rotting away.

Incidentally, I recently met with the leaders of the State Duma agrarian faction. I did not agree with them on everything, but we did have common approaches on how to solve the agrarian sector's problems.

[IZVESTIYA] You have spoken of the prospects for Russia as it enters the 21st century. Given the difficult situation in the sphere of scientific and technical progress, is there not a danger that we will enter the next century as a country with second-rate, imported technology?

[Yeltsin] Under no circumstances must that be allowed to happen. Unfortunately, the government has been unable to halt the technological retreat of Russian industry, including the most valuable sectors. Nor has it proved possible to elaborate an effective structural policy.

This is why the problem of winning strong positions for Russia in world markets for complex high-tech hardware and services is now coming to the fore. The basis for this exists in the shape of the huge potential offered by the dual-use technologies available to many enterprises and institutes, primarily in the defense complex.

Provided things are properly organized, it is this that will determine Russia's role in the hierarchy of developed states.

We are capable of producing highly complex technical systems with both civil and defense applications. This capability must be preserved and developed in every possible way.

What has been allocated to the defense complex in the budget must be paid out in full. This summer the government needs to take some vigorous steps in this direction.

A serious problem for the Russian economy is the poor competitiveness of Russian output.

We will consistently protect the interests of Russian producers, not least with import duties.

But this protection should be temporary. We need to create favorable conditions for reform in those sectors of the economy which are protected from foreign competition. Only this approach will produce a positive result. And that is precisely what we lack.

Russia acutely needs a long-term foreign economic strategy. It should clearly spell out our national economic interests and ways of protecting them. And we should then provide a normative basis and organizational and political measures to underpin that strategy.

[IZVESTIYA] Just when will entrepreneurial activity in this country finally leave behind the "buying and selling" formula and turn into investment in the production sphere?

[Yeltsin] You are right, without stimulating investment activity we will not achieve the influx of funds to develop production or, consequently, achieve economic stabilization.

The initial conditions for this have already been created in Russia. And these favorable opportunities should not be lost. In order to prevent this happening we need an investment strategy—at least for the next few years.

Nor should enterprises wait for somebody to help them out with money. There are ways to attract financial resources—by issuing shares, bonds, and other securities.

We will invest federal budget funds in spheres that are critically important for the economy and that private business will not get around to anytime soon. I am thinking above all of the national infrastructure—ports, airports, telecommunications systems, the acquisition of the latest Russian-made aircraft for subsequent leasing, and so forth. This will help to save high-tech production facilities, preserve jobs, and safeguard the country's economic unity.

If we have embarked on the path of freeing the economy from production that has no future, then this must be reinforced in financial terms. The budget needs an enterprise recapitalization fund.

A great deal is currently being said about the export of capital from Russia. Tough measures are required. I would put it like this—nothing in this area will be achieved through bans. We need to create the conditions whereby it is advantageous to import rather than export capital. The government and the Central Bank need to find a solution to this problem.

[IZVESTIYA] Are you satisfied with the government's work to implement your edicts—primarily in the economic sphere?

[Yeltsin] Three packages of economic edicts were adopted in May-July. But no edict can work unless there is a mechanism in place for implementing it.

It is at the practical implementation level that many good initiatives have foundered. This must no longer be permitted. And the government is obliged to do what it has been told.

For instance, the procedure for examining cases of violations of consumers' rights to obtain accurate information was supposed to have been established by 10 July. Where is it? Where are the legal amendments stemming from the edicts?

There is a week to go before the government adopts a decision on the mechanism for accelerated depreciation in high-tech sectors, and two weeks to go before it defines the procedure for treasury-funded enterprises' planning and financing, and the regulation of the use of bills of exchange. What guarantee is there that this and many other things will be done?

The very near future will show who is capable of what and who is doing what—real reform or drawing up useless papers.

You also get the feeling that there is a lack of initiative in solving the problems of economic restructuring, the formation of strong financial-industrial groups, reducing the tax burden, modernizing legislation on foreign investment, and involving private capital in the solution of social problems.

At the same time, the Russian Government in the broad sense comprises not just ministers and federal department leaders, but regional leaders too.

A few days ago I had meetings with a group of administration heads and republic leaders. I felt even more strongly that the government needs to consult with regional leaders when making decisions on economic issues.

These people take full responsibility for the state of affairs in their territories. And such matters should not be resolved behind their backs. All the more so as they are the people who have to implement government decisions.

We need to remove all the obstacles in the way of a normal relationship between federal and regional organs of power. I am thinking particularly of the problem of federal structures at local level.

Nobody, I think, has any doubt that we cannot do without them. But how is an administration head meant to work if there are up to 50 (!) federal departments on his territory? And the number is growing all the time. We must restore order in this area.

In short, there are very many tasks, but the government also has sufficient powers. It has good contacts with the Federal Assembly, and it has the president's support.

Government, Regional Leaders Discuss Economy

MM2007123194 Moscow ROSSIYSKAYA GAZETA in Russian 19 Jul 94 First Edition pp 1-2

[Report by Vladimir Kucherenko: "Reforms: Sails and Reefs. Some Details of 15 July Enlarged Session"]

[Text] Today everything depends on coordinated actions on the part of the government, the parliament, and the regional administrations.

Premier V. Chernomyrdin believes that the first successes of reform are in evidence and that it is now time to eliminate the distortions in the economy, sever those links which are not in demand in the market, and stimulate private investment in production.

Vice Premier A. Shokhin cleaves to the same opinion. However, he believes that some lessons must be learned from the last half-year. It has not, for instance, proved possible to stimulate private investment in industry, and for that reason the slump in these sectors has speeded up. It has not proved possible for the treasury to collect revenue in the requisite amounts, so investment expenditure has had to be cut, and this has also rendered the decline in production more profound.

Work on the legal base of reforms is proceeding slowly. This gap is being plugged by the latest presidential edicts. The government has nonetheless remained true to the reform course and "a trend has emerged, unsteady but reassuring," toward stabilization.

According to Shokhin, the Cabinet now has to formulate a plan of action for the second half-year and a concept for the structural reorganization of the economy in 1995-1997; ratify the list of federal programs for the coming year; and implement a series of measures to attract private investment. Enterprises are enshrining their rights to plots of land, and draft laws will be submitted to parliament on joint-stock companies and securities (shares). But since housing construction will be the "growth area" of the economy, Russia's draft Housing Code will also be examined in the fall.

In the agrarian sphere laws will begin to be drafted on land and water registries, on peasant (private) farming, and on rural cooperation.

Yu. Shafranik, head of the Ministry of Fuel and Energy, pointed to the unpaid debt crisis, which is causing his sector severe trouble and damaging its potential. Needless to say, the money is primarily not being paid by those who have themselves fallen "foul" of unpaid debts. But quite wealthy people are also holding back money on this "pretext." And these sly people who are making a fortune out of the fuel and energy complex often have the backing of their regional administration. So far the state does not have the money either to force them to pay up on time, or indeed to provide compensation for damages.

Well then, once again everything boils down to the introduction of the promissory note—a document whereby one can exact payment of debts in the form of the debtor's property. Attempts were made to enact this by presidential edict back in October 1993. However, it turned out that this requires countless amendments to the laws, along with the development of consumer credit and a new Civil Code.

In addition to unpaid debts Shafranik pointed to another scourge of the economy. The regional authorities' disorganization and the center's powerlessness to control the movement of money provided for specific purposes. Thus, the fuel and energy complex only received 212 billion rubles [R] of the R1.1 trillion in credit allocated to the northern territories for the procurement of fuel for the winter. Where did the rest go? On commission to commercial banks? On plugging local "holes"? On speculation? God knows....

Agriculture Minister V. Khlystun is surprised at the regional authorities' passiveness when it comes to resolving national issues. For instance, agriculture is unable to procure costly equipment. It has been decided to set up a leasing company to buy this equipment from plants on a centralized basis and then lease it long-term to peasants via a network of local offices. But the governors are in no hurry to help out with this work. And there are no levers with which to pressure them.

However, the Ministry of Agriculture also has bones to pick with the Russian Federation State Committee for the Management of State Property. As a result of privatization, the agricultural processing plants are still monopolists who dictate low purchase prices to the peasants and hector them about finished output.

Well, agrarian workers have for a long time now been raising the question of transferring the controlling block of shares in processing enterprises—local monopolists—to local rural farms under all forms of ownership in the course of privatization, particularly when the program for the monetary phase of privatization was being drafted. But the State Committee for the Management of State Property does not consider this possible.

A. Ogurtsov, head of the Committee for Machine Building, also demanded state support. The formation of financial-industrial groups has slowed down and private and banking capital is in no hurry to enter into production: The state has failed to provide it with any incentives and concessions. The 12 development programs approved by the Finance Ministry and the Ministry of the Economy are not being ratified either. Last, there is an opportunity to take part in the construction of the Chinese "Three Gorges" hydroelectric power station, thus providing hundreds of enterprises with work for 10 years. But the budget aid that is needed is not being provided, even though it will be repaid with interest!

In a word, everything is once again coming up against the old problems. First, faulty tax policy. And, even if the government and legislators are able to change the tax system in the fall to the benefit of private investors in production, according to Vice Premier Shokhin the measures will nonetheless produce positive results only in mid-1995. And the slump will continue until then.

"Reforms should not have been started at all without a Civil Code," V. Yakovlev, chairman of the Supreme Court of Arbitration, claimed. That is, after all, the "constitution" of the market. And arbitration itself is the most important instrument regulating a market economy, since in this economy laws replace the plan. However, at the moment the Supreme Court of Arbitration system is paralyzed. The arbitration service decides to exact debts from a remiss debtor for his creditor: Whereas previously the USSR State Bank unquestioningly obeyed the decision by transferring money from the guilty party's account to the plaintiff's account, the current commercial banks may simply wash their hands of everything. Just like the debtors. The government should immediately submit draft laws to parliament on the implementation of judicial rulings and on bailiffs.

The chief executives in the Federation components are acquiring more and more autonomy and authority in a process now elevated to the rank of state policy. They can no longer be ordered about so easily. They are often in conflict with Moscow. A fight is on for power, for state shares in privatized enterprises, for tax revenue, for the right to carry out privatization, and there is no one to appeal to since there are no laws.

Tataria, Yakutia, and Bashkiria are graphic examples of the "tax war." And Moscow is an example of the "privatization war." Private capital (particularly foreign capital) will not come to a country where there are different rules of play in Kaluga and Ryazan and where the central authority's guarantees are worth little.

Yarovslavl Governor A. Lisitsin has demanded that territorial organs of sectoral ministries be transferred to the jurisdiction of the governors, but that will inevitably lead to "war" between the former and the provinces. He believes that customs services should also be handed over to the regions, and that is the right way to undermine the unity of the state and its economic policy.

Amur Oblast Governor V. Polevanov is convinced that "many problems can only be resolved at the federal level!" For instance, curbing the excessive railroad tariffs that have cut off the Far East from European Russia. The problem of the disintegration of the gold extraction industry in a kray that provides the Russian Federation with 70 percent of the "yellow metal"—owing to the end of advance federal budget payments to extraction personnel—is of the same order.

The speech by Mari El President V. Zotin was particularly forthright and sensational. He believes that the crisis has yet to peak. Do not judge things by Moscow, the regions are drained, he said; schools and kindergartens have to be closed down, taxes are ruining production, and the rise in the price of fuel and transport is the final blow. In his region the slump has totaled 48 percent. That is why a law on foreign investment and federal investment programs must be urgently adopted and timely funding of the defense order and provision of credit for the countryside ensured.

It is the same story with credit. New credits are not reaching production but are being used to pay huge interest on the old credit.

The premier reproached regional personnel with engaging in unadulterated criticism without making any suggestions and with passivity. But the reasons for the tension are easy to see—the provinces with many military-industrial complex enterprises are protesting the loudest. The military-industrial complex was promised payment but was not paid last year. In 1994 it has been placed on starvation rations by the budget.

That is why Bashkiria's premier made the following assertion: If you place state orders (and defense orders too), then pay for them even if you have to print money!

But the premier stood firm: We do not need so many weapons, the budget will not bail you out; switch to manufacturing civilian output.

But vast sums of money are needed for conversion. And private business alone cannot cope.

So the final government conference on 15 July ended without any solution: The cabinet stuck to its opinion and the regions stuck to theirs. Agreement was reached for the government and the governors to hold regular meetings on certain subjects. The first will be devoted to the problem of regulating prices of power and transport—which is currently the most painful problem.

Edict To Limit State Control Over Oil Firms

MK2107072094 Moscow SEGODNYA in Russian 21 Jul 94 p 1

[AFI report: "State Control Over Oil Companies Could Be Limited"]

[Text] The next package of edicts will include the edict "On Urgent Measures To Improve the Operation of Oil Companies," a source close to the government has said. The document calls for curbing state powers in regulating the operation of oil enterprises converted into joint-stock companies, while limiting state powers to issue quotas and licenses and to set oil and oil product prices only to the oil joint-stock companies themselves, without their affiliates. At the same time, the oil companies will become specialized exporters of both their products and products of their affiliates. In addition, the draft calls for a National Oil Company to be set up within three months, which will represent state interests and manage the state's blocks of enterprise shares.

Government Open To Change in Privatization Plan

LD2007151894 Moscow INTERFAX in English 1310 GMT 20 Jul 94

[Text] The government is ready to accept one third of amendments to its post-voucher privatization plan made by parliamentary economic committees, leader of the Yabloko faction Grigoriy Yavlinskiy quoted Vice Premier Anatoliy Chubays as saying to the Duma Council on Tuesday.

In an interview with Interfax, Yavlinskiy said the Council had agreed to his faction's proposal to set up a commission of government officials and deputies to discuss the proposed changes, with Duma Speaker Ivan Rybkin leading its parliamentary part. Yavlinskiy said his faction had also persuaded the Council to delay the debate on the program until Thursday so as to form a conciliatory commission which will try to narrow the gap between the government and legislature.

The Yabloko faction is ready to back the proposed law in its first reading if the government accepts the proposed amendments, Yavlinskiy said. He insists that the bill must be substantially amended before being put for the second reading in parliament in autumn.

Privatization Vouchers Valid 3 More Months

LD2007123294 Moscow ITAR-TASS in English 1206 GMT 20 Jul 94

[Text] Moscow July 20 TASS—Russian President Boris Yeltsin signed a decree today specifying that privatisation vouchers will be valid for an extra three months.

The first stage of Russia's privatisation was completed on July 1, and now the country is getting ready for its second stage during which the state property should be auctioned for money.

The decree allows regional state property funds "beginning from September 1, and for the term of up to three months, accept privatisation vouchers as means of payment" for privatised property.

Closed Cities Harder Hit by Unemployment

MK2007104094 Moscow SEGODNYA in Russian 20 Jul 94 p 1

[SEGODNYA report: "Unemployment Rate in Closed Cities Higher Than Russia's Average"]

[Text] Yesterday's parliamentary hearings on the problem of closed administrative-territorial entities focused on social safety nets for their residents. In the Russian Federation, there are 10 closed cities in Nizhniy Novgorod, Chelyabinsk, Sverdlovsk, Penza, Tomsk Oblasts, and Krasnoyarsk Kray; unemployment rates in the cities are higher than the country's average, while wages in the local engineering industry are from two to three times lower than in other sectors.

Decree on Imports To Meet 'Own Needs'

MM2107103194 Moscow ROSSIYSKAYA GAZETA in Russian 16 Jul 94 First Edition p 5

[Russian Federation Government decree No. 757, signed by Russian Federation Government Chairman V. Chernomyrdin and dated Moscow, 30 June 1994: "On the Procedure for Defining Output Imported by Enterprises with Foreign Investments for Their Own Needs," and appended "Procedure for Defining Output Imported by Enterprises with Foreign Investments for Their Own Needs"]

[Text] By way of implementing Article 25 of the RSFSR Law "On Foreign Investments in the RSFSR," and with a view to improving the procedure for defining output imported by enterprises with foreign investments for their own needs and regulating customs supervision, the Russian Federation government **decrees**

1. To ratify the appended Procedure for Defining Output Imported by Enterprises with Foreign Investments for Their Own Needs.

2. The Russian Federation Ministry of Foreign Economic Relations, the Russian Federation State Customs Committee, and the Russian Federation Ministry of the Economy, in conjunction with the Russian Federation Chamber of Trade and Industry and in coordination with interested Russian Federation ministries and departments, are to elaborate, and the Russian Federation Ministry of Foreign Economic Relations is to ratify, by 1 August 1994, the Statute on Issuing Certificates for Output Imported for [Enterprises'] Own Needs.

3. The Russian Federation State Customs Committee is to carry out, as of 1 September 1994, customs registration of output imported by enterprises with foreign investments for their own needs, on the basis of certificates for output imported for own needs issued in compliance with established procedure and submitted to the customs organs.

[signed] Russian Federation Government Chairman V. Chernomyrdin

Procedure for Defining Output Imported by Enterprises with Foreign Investments for Their Own Needs

1. The present Procedure has been elaborated in connection with the need to improve the procedure for defining output imported by enterprises with foreign investments for their own needs and to regulate customs supervision.

2. The fact of categorizing output as output imported by enterprises with foreign investments (hereinafter the enterprises) for their own needs is attested by a certificate that the output has been imported for their own needs (hereinafter the certificate).

The list of documents required to obtain certificate, the procedure for their submission and examination, the organization issuing the certificate, and the procedure for issuing the certificate are determined in accordance with the Statute on Certificates of Output Imported for Own Needs, to be ratified by the Russian Federation Ministry of Foreign Economic Relations.

3. Output imported for own needs means the property of enterprises, including raw and other materials, semimanufactures, components, equipment, and so forth, directly used by enterprises in the technological process of the material production of their own output or to improve its quality, subject to the following basic requirements being observed:

a) special permission must be obtained for carrying out the relevant type of activity in cases prescribed by current legislation;

b) the output must comply with ecological norms envisaged in Russian Federation legislation;

c) the enterprise must use its own fixed and current capital in the form of material and (or) financial resources, including supplies of equipment, the use of state-of-the-art technology, and the necessary basic materials, acquired using its own and borrowed funds; this must be corroborated by an audit in accordance with the procedure currently in force in the Russian Federation;

d) it must implement basic technological production processes or processes for improving the quality of output by workers permanently employed in the enterprise in question;

e) it must implement technological production processes or processes for improving the quality of output in the enterprise's production area, using fixed and current capital contributed by a foreign participant in the authorized capital of the enterprise or acquired from contributions in the form of money.

4. The organization issuing the certificate defines the volume of output imported by the enterprise for its own needs, proceeding on the basis of the potential of the enterprise in question and the norms of the consumption of imported output necessary for the production of its own output.

5. The quality of the output imported by the enterprise for its own needs must not, in terms of standards, fall short of the requirements to be met in the Russian Federation for analogous output, and this is confirmed by the organization issuing the certificate.

6. Every six months the enterprise receiving the certificate files with the organization issuing the certificate a declaration on the use of the output imported for its own needs.

In the event of the aforementioned declaration not being filed or if the organization issuing the certificate discovers that the output imported for own needs was not used for the production of own output or the improvement of its quality, but to entirely different ends contravening this Procedure (resale, barter, and so on), the enterprise will be held liable in accordance with the legislation currently in force, and the certificate that had been issued will be withdrawn.

7. In cases not envisaged by this Procedure, a decision on categorizing output as output imported by an enterprise for its own needs is adopted jointy by the Russian Federation Ministry of Foreign Economic Relations, the Russian Federation State Customs Committee, and the Russian Federation Ministry of the Economy, in conjunction with the Russian Federation Chamber of Trade and Industry and in coordination with the relevant Russian Federation ministries and departments.

Chernomyrdin Defends Government Economic Action

MM2007070194 Moscow ROSSIYSKIYE VESTI in Russian 19 Jul 94 pp 1, 4

[Report of speech delivered by Russian Premier Viktor Chernomyrdin at 15 July 1994 Russian Federation Government session: "Economic Restructuring Is Cornerstone of Government's Work in Second Half of the Year"]

[Text] First of all I will discuss the main lessons of the first half-year.

I would like to begin not with the, for a traditional report, fairly standard issue of **the correlation between politics and economics.**

Indeed, there are two extremes in the understanding and interpretation of what is happening in our economy.

We have already "grown accustomed" to one of these extremes in the period since the very beginning of reform. I am referring to those of our opponents who are despondently singing a requiem about "collapse," a catastrophic slump, and so forth.

The practical conclusion to be drawn from these lamentations is essentially to return to what we have been going through—and, I hope, have now finished going through—leaving the "charms" of the command system far behind.

The other extreme is to overestimate purely financial levers, to stress "strong-arm" measures, to have blind faith that merely by turning on the financial "faucet" we can instantly cope with a pile of problems, and to underestimate the entire range of market methods of economic regulation which can and should be applied in the transitional period.

Unfortunately, in the past half-year we have been able to see for ourselves the justice of the old truth that all extremes are as bad as each other.

We would recall that **six months ago** there was no shortage of prophecies that Russia would gradually decline into hyperinflation, that catastrophe was inevitable, and that there were only "Red directors" and other pro-inflation people in the government.

What has actually happened? In actual fact inflation has declined, the economy has not collapsed, and there has been no catastrophe.

Three months ago people had started saying that, although hyperinflation had not occurred, the reforms had ground to a halt and the government was doing nothing but drift aimlessly.

What has actually happened?

Consistently, paragraph by paragraph, step by step, the program adopted in August 1993 and the main provisions of the president's message have been implemented. Problems which required a solution at the legislative level, at the level of political will, have been reflected in the packages of presidential economic edicts that were signed in May-July.

I must say that the attempts to set the content of the edicts in opposition to the president's message to the Federal Assembly are absolutely groundless. As were the accusations against the government that it had allegedly been "deliberately" failing to carry out the tasks set out in that document.

It should not be forgotten that there are also some direct obligations which everyone who signed the Treaty of Social Accord assumed.

The government is not retreating from its commitments under this treaty, nor will it do so. But we expect exactly the same approach from political parties, public organizations, and all the institutions of civil society which are taking part in the accord movement.

Another highly important lesson not only of the half-year but of the past two and a half years as a whole is the fact that **the reforms in Russia have borne fruit.**

I will list just the most important points:

waiting lines and shortages have disappeared;

the speed of production decline has slowed considerably—as shown by the dynamics of the average monthly rate. In June the rate of decline was zero;

the inflation rate is down;

there have been major changes to the structure of GDP;

there have been certain signs of stabilization in living standards;

the first phase, the check phase of privatization has been completed, and the right of private ownership (including land ownership) is being actively asserted;

a number of qualitatively new market economy institutions have been formed and are functioning—a two-tier banking system, commodity exchanges, a stock exchange, and a foreign exchange market;

in the foreign economic sphere we have a stable, positive balance of trade;

a new step has been taken to ensure favorable conditions for Russia's integration into the world economy—as shown, in particular, by the results of the eight powers' meeting in Naples.

Taken all in all, this means that **the country has already resolved a number of the tasks of economic reform.** The economy is reacting more clearly to market stimuli.

A predictable process of its transformation under the conditions of the transitional period is coming about. And we have now reached a definite watershed. We have been expecting this and have now obtained in principle what we had planned.

First, we have obtained the first steady results of financial stabilization. Inflation is down. That is due not only to the government's tough financial policy but also to the Central Bank, which has been consistently carrying out all its obligations.

Second, the industrial slump has become clearly structural in nature in many areas. "Demand-pull" restrictions have come into play in virtually all sectors. There are some obviously "ruined" enterprises, but there are also plenty that are working confidently and steadily under the new conditions.

Analysis shows that the prerequisites for many enterprises' successful work is to be geared to the customer; to restructure the system of economic ties in order to hold down prime cost growth; to develop new areas for investment; to retain the core of the workforce; and to collaborate closely with local organs of power in the search for the ideal survival strategy.

Most successful enterprises are learning about marketing, are ceasing to rely on centralized investment, are starting to look for their own investment reserves, are selling off loss-making fixed capital, buildings, land, and equipment, and are actively seeking investors both within the country and abroad.

Everything I have listed cannot, of course, be seen as a kind of universal recipe for survival. In real life everything is more specific and tougher. Nonetheless, the first generalized experience of how to achieve success in the Russian market can be said to have taken shape already. Incidentally, the material issued to you today on the government report cites many specific examples describing this experience. I urge region and sector leaders in particular to familiarize themselves with it. The situation in agriculture requires serious and considered interpretation.

For donkey's years we have been hearing that the countryside is sowing nothing and reaping nothing. But the countryside is conscientiously doing its age-old job, and doing it pretty well.

This year spring field work was organized and carried out at the ideal speed. We are expecting pretty good harvests of grain, sugar beets, potatoes, and vegetables. The foundations for the country's grain independence have been laid for the first time in many decades.

Does this mean that everything in agriculture is in order? By no means. The government considered and continues to consider the resolution of the countryside's problems one of its main priorities. But the ways of solving them must correspond to present-day conditions.

We are currently doing this extremely badly. Despite the many economic services and the existence of a sectoral academy and the Ministry of Agriculture and Foodstuffs, an effective mechanism for bringing about financial and economic cooperation between the sector, other economic sectors, and the processing and sales sides has still not been proposed.

The government knows, and by no means at second hand, that the countryside is currently in a difficult position, and we are helping and will continue to help the agricultural complex with state support. But this means not only and not so much budget appropriations.

Our efforts will be aimed at creating a market infrastructure—first and foremost, at organizing wholesale food markets (and in each region), and at developing numerous wholesale firms which will have to relieve the peasants of their concern about delivering their output to the customer. All this should be closely monitored by the Russian Ministry of Agriculture and Foodstuffs, the Russian Federation Committee for Trade, and the Antimonopoly Committee.

When we talk about the fundamental possibility of achieving a breakthrough in the negative trends of economic development, we must not overlook such an important reality of recent months as the tangible **decline in inflationary expectations.**

Quite a clear indicator of this is the action taken by the Central Bank to consistently and smoothly lower refinancing rates—although I would warn our colleagues against any excessive haste in this difficult job.

All this means that, provided that things are approached properly, we will finally have a real chance to deploy our accumulated monetary potential (according to various estimates, around 30 trillion rubles [R] in available funds, not counting foreign currency) for investment in production—which in terms of profitability should ultimately be comparable to today's operations on the credit and securities markets.

Of course, we can see and we know the price that ordinary citizens—particularly pensioners and workers in the budget sphere—are having to pay for this relative financial stabilization. But, despite all their difficulties, Russians realize that inflation robs everyone and prevents any growth in prosperity or confidence in the future of your job. We are therefore all the more obliged to be tolerant and show understanding for our people. They are the main support for the reforms.

Everything I have said leads to the conclusion that the situation currently prevailing in the Russian economy not merely makes possible but urgently **requires new emphases in the government's activity.** Objective conditions are now taking shape for **bringing reform directly into the production sphere, at the enterprise level, and developing it to cater for the interests of Russian producers, entrepreneurs, and private investors.**

At the forefront of all of our work today is:

the creation of the conditions for shaping a favorable investment climate;

state structural policy;

the reorganization and liquidation of enterprises and production facilities with no future;

the separation of the production (commercial) and social functions of enterprises;

the start of the new phase of privatization;

the reform of state enterprises and the formation of a new type of state sector;

the easing of the social consequences of bankruptcy and restructuring (employment policy, and so forth).

The transition to the immediate resolution of these tasks marks a **new stage in reform.** It essentially began with the adoption of the first of the president's "packages" of economic edicts.

Naturally, under these conditions the state's economic policy and its mechanisms should undergo certain changes.

And their common denominator, in my view, can and should be the very broad political economic concept of **shaping a favorable investment climate.**

We have now reached the point in the development of reform where we can set this task in operational terms.

The first question in this connection is about the **nature of financial, monetary, and credit policy.** Dual proposals have been heard quite often of late. On the one hand, there have been calls for the policy to be watered down and for state spending on investment and other needs to be increased. On the other hand, others have been pointing to the need to beef up policy so as to "bear down" on inflation, bringing it down to 2-3 percent—or, even better, to zero—by the year's end.

I must say that, as usual, these extreme views are quite similar. Their common position is that the risk of ultimately losing control of price growth is very high. If we were to follow these prescriptions we would end up with, so to speak, a pulsating inflation rhythm—one with sharp surges. It would be hard to conceive of anything worse for the investment climate.

This is why we are proceeding on the basis of those projects geared to the end of the year and recorded in the president's message and the government program. These are probably the ideal guidelines.

It is all the more important to bear this in mind if we take account of the inevitable seasonal variations that increase inflation—shipments to the North, the harvest campaign, preparation for work in the fall-winter period, and so forth. Moreover, the decisions to index wages in the budgetary sphere, to repay the debts for 1993, and so forth contain a definite inflationary potential.

Given this, we cannot afford the luxury of making any fundamental changes to financial, monetary, and credit policy. It remains moderately tough. Particular and, I would say, paramount attention should be paid to strengthening the budget's revenue base as the main area for consistently reducing the budget deficit.

I realize that many people are asking the question: If the government is unwilling to give up the financial policy it has been pursuing, how does it plan to boost investment?

First, we are not dogmatic about financial stabilization; we are realists. Work has begun on the 1995 budget, and a concept for amending the tax system is in preparation. I will be discussing this in a little more detail.

Second, the situation in the finance sphere is forcing us to take resolute action in other areas of reform.

This year we will already need to carry out a maneuver whose essence is, insofar as possible, to **switch state resources from support for old production facilities with no future to incentives for competitive enterprises and private investment, so as to ensure that their accelerated growth counters the decline in old production facilities and then becomes a basis for boosting the Russian economy.**

And we will be pursuing a clear line of providing direct and targeted support for new and promising production facilities and of laying the scientific and technical foundations for Russian industry, not to mention developing fundamental science—which is something Russia for which has always been famous.

Within the framework of state support through centralized investments we are beginning the transition from nonreturnable budget financing to credits on a returnable and paying basis. We shall make more active use of effective instruments like investment auctions, competitive forms for the placement of state construction orders, mixed financing for projects, and the granting of government guarantees for the emission of securities for major private investors.

Our task is to activate to the utmost work to attract funds from small investors.

We shall support those investment funds, banks, and insurance companies which work honestly in the financial market and we shall put an end to unfair competition and dishonest advertising. And most importantly we shall create reliable legal guarantees for the protection of investors' interests. Of course, we do not intend to compete with those who promise them "mountains of gold." But we must warn the esteemed Lenya Golubkov and Marina Sergeyevna that the opportunities for playing the money market with impunity and obtaining income from operations of this kind will soon decline drastically.

Without any doubt one of the main priorities of investment policy is **housing construction.** Presidential edicts have already been adopted on housing certificates and housing credits. The government will implement them in practice, at the same time finding different forms for attracting funds from the population for investments. I am sure that this will bring an immediate return.

To confirm that certainty I shall cite just one figure: Over the first half of the year individual housing construction has increased 35 percent. Russia is being built up. Is that not an indicator of incipient normalization?

Esteemed participants in the session!

We have all understood that lowering inflation is undoubtedly an essential prerequisite to investments. But there is another, no less important prerequisite—**untangling the problem of defaulting on payments.**

Recently the government has taken a number of serious steps to normalize the situation in this sphere.

The bulk of budget debts that took shape during 1993 have been paid off. Mutual payments have been settled with the regional budgets, defense orders have been paid for, wages and grants have been paid out, agro-industrial complex expenses have been financed, and a number of other steps have been taken.

As a result in the second quarter of this year tension in enterprises' mutual payments has been reduced somewhat in a number of oblasts. Thus, the volume of overdue debts fell by 24 percent in Moscow Oblast, 9 percent in Krasnoyarsk Kray, 12 percent in Magadan Oblast, and 7 percent in Chelyabinsk Oblast.

The procedure for financing shipments to northern regions and purchases of agricultural output for food stocks has been altered, creating conditions for swelling enterprises' working capital.

Two days ago the Ministry of Finance handed over R1.7 trillion for shipments to northern regions and R1.3 trillion for the harvest, including advances for purchases for regional food stocks.

Before the end of July expenditure on the agro-industrial complex and on northern regions envisaged for this month will be financed in full, with an additional R1.5 trillion or so earmarked.

Work has been launched on the fulfillment of the president's May edicts on normalizing payments and strengthening tax and payment and settlements discipline. Unfortunately, far from everything has yet been done here.

Progressive forms of settlements are being introduced only slowly, and the promissory note is finding it difficult to secure a place in our economy. The Ministry of Finance and the Bank of Russia have displayed blatant disregard of their direct commitments here.

But even what we have managed to do makes us look at the defaulting problem from a somewhat different angle. Today it is clear that this illness strikes primarily enterprises in the state sector and also those turned into joint-stock companies while counting on support and benefits at the state's expense.

Hence the first conclusion: The solution of questions of the payments crisis depends directly on our actions to reform state enterprises. Unpaid debts are settled most swiftly where there is a real master, a real owner, and normal discipline.

Here is the second conclusion: If the roots of a problem lie in ownership relations and accordingly in the style and methods of production management, then, whether we like it or not, the main way of resolving it lies in privatization and the consistent application of bankruptcy procedures.

As you know, a program **for the new stage of privatization** has been submitted to the Federal Assembly. Its aims and tasks are well known to all those present.

I have spoken many times about how postvoucher privatization must become a very important instrument for reviving and stimulating investment activity and reviving production. But today it is no less important that all the ideology of monetary privatization be directed toward eliminating payment default. To a considerable degree, incidentally, this is served by the opportunities the program offers for forming sound land and real estate markets.

Now about **bankruptcies.** We have already crossed their threshold. Criteria have been elaborated and approved for determining insolvent enterprises. In accordance with the government's decisions work has been begun on the compilation of sectoral lists of those which have in practice already long been bankrupt.

In six of the most flagrant cases the Goskomimushchestvo [State Committee for the Administration of State Property] has already taken decisions to abolish or sell off enterprises. About 60 cases are being examined in arbitration courts. Appropriate legal action is being prepared against a further 100 enterprises.

I do not want to frighten anyone, but already the first estimates show that unless the process is artificially delayed by the end of the year at least 1,500-2,000 enterprises will come under the operation of procedures stipulated by the relevant legislation.

That is a completely new task, whose complexity is determined at the very least by the fact that bankruptcy is essentially "piece-work production." Extremely complex social consequences lie behind every decision here.

But on the other hand every enterprise whose finances are cleared up is a real part of the economy's fundamental restructuring. We shall not force this clearing-out process. But nor shall we slow the pace which has taken shape naturally in these clear-out operations.

An exception can be made only for enterprises of the defense complex, when we will have to consider not only financial and economic criteria but also the need to maintain the nucleus of the country's defense potential, and also for socially important noncommercial organizations.

Does what I have said exhaust all the instruments for combating the problem of unpaid debts? Not at all! Take courts of arbitration, for instance. They take an intolerably long time to consider cases, and often even just rulings can no longer help anyone. And costs totaling 10 percent of the amount in dispute generally run into huge sums. All that just scares enterprises and causes natural mistrust. And it produces a situation whereby existing legal levers are virtually nonoperational. A kind of strange paradox emerges: We are moving toward a market economy, but we are failing to pay even elementary attention to the legal regulators that are natural for a market economy. The new Civil Code, which is finally to come into operation, will have to play an important role here.

In very many cases debts go unpaid owing not to a lack of money but to a criminally disdainful attitude to payment discipline. Here too we must ask a blunt, tough question: Who is not paying, and who benefits?

For instance, a major debtor, the "Gorkneftorgsintez" Production Association, owed oil-extraction enterprises almost R500 billion. The point is that General Director Yegorov keeps money in nine hard-currency accounts with seven banks. Last year alone he profited to the tune of over R68 billion as a result of exchange rate differentials.

Today the government is attacked by directors who have to halt production because of a shortage of financial resources. Things are indeed hard today for those who have always made land mines, for instance, but we will be helping them.

Yet Pavlyukov, general director of Saratov's Electrical Assembly Production Association, shut down back in May even though the "Saratov" refrigerator was still in production. That takes skill!

Now we have the final report prepared by the special government commission. It contains food for thought. I think that, following government discussion, we will publish it for the public at large. Let the country knows its "heroes" and the real reasons for their "heroic" deeds.

The general conclusion to be drawn from everything I have said is that there are two sides to unpaid debts—one linked with the objective processes of adapting to a market economy, the other engendered by distorted or just dishonest forms of economic practice ("made-up" wages, a desire to evade taxation, opportunities to pump money abroad, etc).

Both require purposeful state influence. It is our direct duty to put an end to passivity and conciliation on these issues. The president is right to criticize us, and the appropriate conclusions will be drawn.

I think that everyone realizes the role that **taxation** policy plays at this crucial time for the Russian economy. This instrument is tremendously powerful since it can be used to both support and ruin the economy.

The basis of a Russian tax system exists, but it must be strengthened. On the other hand, the existence of a number of major defects in the tax system does reduce its effectiveness.

These include uneven distribution of the tax burden between categories of taxpayers. The main burden of taxation has fallen on enterprises, with a relatively low level of taxation on personal income and property. At the same time high rates of tax combine with a huge number of tax breaks. The situation is also aggravated by an overly large number of extrabudgetary funds, payments to which are the same as taxes for enterprises and which amount to almost the revenue total of the country's consolidated budget.

Overcoming these distortions will be the theme of the government's proposals on improving the tax system, which are to be submitted to the State Duma in accordance with the president's edict in two months' time. In particular, they envisage measures to change the structure of tax revenues, reduce the proportion of profits tax and value-added tax, increase resources and property payments, and improve the taxation of individuals. While reducing the rates of tax on corporate entities, we also intend to abolish a large number of their concessions. All that will stimulate production and investment.

Resolute efforts are also needed to boost the tax yield. It is a question not only of measures to improve tax legislation—that is vitally necessary—but also of a psychological change in the behavior of the bulk of taxpayers. Our tax organs are clearly remiss here. We will no longer tolerate that state of affairs. It is particularly necessary to talk about the Finance Ministry's stance. Instead of pondering how to improve tax collection, emphasis is being placed on the sequestration of the majority of "unprotected" items and hence increasing budgetary indebtedness and failure to pay. It would be no bad thing for the leadership of the ministry, the tax service, the tax police, and countless other "supervisory" departments to exert themselves and finally propose clear and precise solutions to this great issue.

All questions pertaining to changes in the tax system will be reflected in the 1995 budget.

Esteemed session participants!

New, largely favorable external conditions are also helping to resolve the tasks during the new phase of reforms. The clearest evidence of this was the meeting of the leaders of the industrially developed countries in Naples. The G-7 took a very important step toward transformation into the G-8. Thanks primarily to President Yeltsin's political will Russia has gotten its way: The world has recognized Russia as a democratic country with an economy in transition.

Today we can say quite definitely that we have attained a new level of cooperation with the international financial and economic community. Our most important task is to attract more foreign investment to Russia. There is tremendous need for that investment. The definite stabilization in the domestic situation in the country and the development and strengthening of the legal base have created more favorable conditions for attracting foreign investment to Russia.

At the same time the government has also implemented and will continue to implement a policy designed to protect the interests of national investors and will do everything necessary to keep control of the most important spheres of the economy and finance in Russian hands. That is in keeping with the universally accepted international norms of safeguarding national interests.

Ultimately all the government's activity in ensuring Russian manufacturers' access to new markets is subordinate to the tasks of stimulating capital investment. I would single out two main areas here.

First, this involves the difficult negotiating processes to lift all manner of discriminatory restrictions such as the post-COCOM [Coordinating Committee for Multilateral Export Controls] lists, the notorious Jackson-Vanik Amendment, etc, which are still employed against Russia.

Reassuring signs of change have appeared following the meeting in Naples, the signing of an agreement with the European Union, and a number of other events. We will continue insistently upholding our interests, bearing in mind our impending joining of GATT, among other things.

The second area involves stepping up Russia's activity in its traditional markets in the nearby foreign countries. I will not hide the fact that we are alarmed not only by the decline in commodity turnover but also by the problem of unpaid debt in Russian enterprises' mutual settlements with partners from neighboring states.

Needless to say, this question is a fairly delicate one. Specific decisions are required in each case. But they are essential. Since it is a question of strong impulses stimulating Russian manufacturers' business activity.

The government will indeed work with Russian entrepreneurs as a body to promote their activity in these markets. Good groundwork has already been laid in the form of an extensive treaty-legal base.

I would like to say a special word about the presidential elections in two CIS countries—Belarus and Ukraine. I am sure that the peoples of the fraternal states have given their leaders a mandate to implement real economic and political reforms that can not only become a highly important factor for stabilization but also raise relations with Russia to a qualitatively new level.

Esteemed session participants!

The transition to tackling the tasks of the new phase of reform is the cornerstone of all the government's work during the second half-year. The purpose of this is to achieve a real **restructuring of the economy.**

I have proposed examining the whole range of issues pertaining to state influence on these processes during the next enlarged government session this fall. By that time we should have a concrete mechanism ready for discussion—a mechanism for active structural policy geared to the future, which takes into consideration the special features of certain industries and sectors of the Russian economy.

Particular attention will be devoted to questions of regional development, since it is in the regions that we have the main centers of structural problems today. We need several versions or, if you like, models of regional policy that take into consideration the special features of the main types of economic development in the regions.

I believe that the interregional associations for economic cooperation could play an important, if not the leading role in their formulation.

A highly important question linked with the implementation of these fundamental approaches is the problem of the demarcation of objects of jurisdiction and authority between federal state power bodies and the Federation components' authorities. Some 43 government decrees have been adopted on this question during the first half-year alone.

A draft presidential edict has been prepared laying down the main provisions of state regional policy. A draft law is being submitted to the State Duma defining the principles of local self-government.

It is necessary to define the status of administration heads more clearly, regulate their relationship with federal power bodies in the localities, and fine-tune the mechanism for their interaction with the president's representatives.

We all realize that in the specific Russian conditions any version of structural policy comes up against the problems of the **defense complex.** This is the epicenter of the structural crisis in industry today. It is here that questions have accumulated that need to be urgently resolved in the full sense of the term.

I saw that once again when I visited several defense enterprises in Perm last week.

The government's position is as follows:

First, questions of defense funding should not be confused with the resolution of the more general economic and social problems facing the "defense industry," its conversion, and its diversification.

As for funding under the "National Defense" heading, it will be implemented in full accordance with the law adopted on the federal budget. Money will be spent on the upkeep of the Armed Forces, the job of equipping them with new hardware, the development of state-of-the-art weaponry, and the construction of housing for servicemen.

Moreover the formation of special extrabudgetary funds, which include some funds obtained from privatization, is designed to resolve the social problems of the Army and Navy.

Economic structures working on the resolution of the Armed Forces' social problems will receive tangible support, including tax and customs breaks. The president's edicts on questions of providing servicemen with housing are an example of this.

Second, as well as tremendous efforts the restructuring of the defense-industry complex requires unconditional observance of financial discipline.

That is simply essential in order not to lose a sense of reality. We will provide everything that is enshrined in the budget for conversion. We will also provide incentives to attract nonstate funds for these purposes. But we cannot ultimately wring out unfeasible promises by fair means or foul. In the second quarter alone the State Committee for the Defense Sectors of Industry contrived to move a number of government leaders to pity and thus secure commissions to a value amounting to four times all the budget's conversion money!

It is necessary to abandon the practice whereby a defense order has been given to a particular enterprise solely on the basis of the need to ensure that the enterprise operates to capacity at a time when by no means full use is being made of opportunities to step up the production of civilian output.

By reducing the list of arms produced we will concentrate the defense order at a smaller number of enterprises, thus making it profitable and effective.

A few days ago the president signed two edicts that are of fundamental importance with regard to speeding up the work in this area. I mean the Edicts "On the Reduction of Mobilization Capacities and the Mobilization Reserve" and "On the Procedure for Granting Financial Support to Enterprises Using Federal Budget Funds."

I believe that the vast majority of enterprises in the defense complex will now be able to breathe more easily and see new prospects for implementing the conversion programs.

Of course, we do not intend to stop there. This is just the beginning.

Proposals are being prepared on the issue of a state loan for financial support for the conversion programs and on the formation of other additional, extrabudgetary sources of funds for those purposes. There is much work to be done on questions of using Russian arms export revenue for the defense sector's needs. There is potential here, and it is considerable.

Now for our activity in that most sensitive sphere for people—the **social** sphere.

The measures carried out in the first half year to provide social support, regulate pay, and index-link pensions, allowances, and grants have made it possible to stabilize the population's living standard somewhat.

The growth rate of wages has come close to the rate of growth of consumer prices and the differentiation of the population's incomes has eased somewhat. The consumer market is being filled with goods.

The adoption by the Russian Government of the "Basic Guidelines" of social policy for 1994 has helped to step up activity in the social sphere.

At the same time a number of socially dangerous trouble spots still exist.

The **problem of poverty** requires urgent solution. In the present conditions there is a need for a more equitable distribution of the social costs of the transitional period and the active use of the tax mechanism for that purpose. I would stress in particular: This is a question not of ensuring that there are "no rich people" but of ensuring that there are "no poor people." Bearing in mind that it is not only pensioners and the disabled who are below the poverty line but also many families of working citizens, the main emphasis will be placed on increasing labor incomes first of all.

As for those strata without social protection who are incapable of independently providing themselves with incomes at the level of the subsistence minimum, targeted social support measures will be intensified with regard to them.

Here, too, there is a lot to change bearing in mind that, according to the specialists' calculations, the number of people who will need long-term assistance from the state, primarily because of demographic factors, will increase.

One of the most acute problems of the reform is **the separation of enterprises' production and social spheres.** Relieved of the burden of the social sphere by transferring it to the control of the local authorities, enterprises will find it easier to maneuver in the stormy sea of the market economy. This question is especially acute for defense complex enterprises and for the "city-plants," of which Russia has quite a few. But we do not have sufficient resources to make this happen right now.

Here is a typical situation: Some are not ready to give, others are not ready to receive. The Finance Ministry has documentation for the transfer of facilities which in total are worth R10 trillion, whereas our budget contains only R4.1 trillion for those purposes. We shall work on that basis. It is not ruled out that in some places it will be necessary to slow down the transfer of enterprises' social sphere to new owners.

The Finance Ministry must now urgently review its approaches and draft additional measures to identify resources for the social sphere with a view to the preparations for winter first and foremost.

The main task is to create **a flexible labor market** which would help restructuring, first and foremost by creating new jobs in the efficient sectors of our economy.

Questions of **social partnership** and the reform of labor law to bring it into line with the demands of the market economy will be resolved in close conjunction with employment problems. However, instead of ensuring the optimum balance of the interests of the state, hired workers, and employers, social partnership mechanisms are often used to put crude pressure on the government.

Of course it is quite natural for trade unions to organize strikes, rallies, and pickets. However, we also know of instances when these actions are supported and even instigated by economic leaders. This is totally unacceptable! Overt lobbying using such a powerful battering ram as the workers' movement is simply immoral.

The **state of the humanitarian sphere** is a subject of constant concern and alarm to the government.

I would now like to draw attention to the purely economic aspect of these problems. To be precise, to the question of funding culture, science, education, and medicine.

For example, a precise mechanism for funding the actual cost of health care must be worked out before the end of 1994 and the correlation of resources of medical insurance and the budget must be defined.

It is necessary to concentrate federal budget resources on scientific and technical problems which must be resolved for the sake of the country's vital activity and the development of the priority areas of science, specially in those areas where Russian scientists occupying the leading positions. Major support is being given to secondary and higher education. Potential for increasing spending on culture was sought in the course of drawing up the budget.

Of course, that is very little at the moment. But we cannot accept the loss of Russia's spiritual potential. We shall do everything we can not to lose this very important sphere in the market world.

Finally, I want to talk about another priority of the government's work.

The **fight against crime** is now being highlighted as the most important condition for the normal course of the reforms. The legislative and normative base may not be perfect and is not always clearly perceived in society, but it does exist.

There is the president's edict, the program for combating crime, and the draft law on the fight against organized crime which has been presented to the State Duma.

So what is missing? As usual, the difficulties are primarily financial. We will look for resources, primarily for the social protection of workers and the provision of equipment for law enforcement organs. But there are quite a few questions which cannot be resolved by financial injections alone. They include collaboration among the law enforcement agencies under various types of jurisdiction, cadre policy, and the quality of training of the custodians of law and order. Very much depends on "related" departments—customs, currency and export control, and the tax police.

The security of the country and of each of its citizens must be securely protected. This is the state's constitutional duty. We shall not back down from that.

In conclusion I should like to return to the theme which is determining the nub of our work today.

The reform as a whole is proceeding smoothly and without major flaws in its inner logic. Its center of gravity is switching to production, the restructuring of industry, incentives for enterprise, and the stimulation of private investments.

This will require major new efforts. Especially in the immediate months ahead. That is how we must perceive the president's just criticism of the government's activity.

Russia is changing, and changing rapidly. Life is posing new tasks. The pace must not slacken. There must be no easing up. Because that is when we begin to lose touch with reality and fail to understand how people are living, what worries them, and what motivates their actions.

But this is indeed a question of work style, and there is a lot here that we have to change. The president has said a thousand times, and he is right: In our country you can only count on people's trust and understanding when your words are not at odds with your deeds. And if your deeds anticipate your words, so much the better.

This, for me, is the main criterion for assessing the activity of every member of the government, every member of its apparatus. There must and will be rigorous accountability here. It is not we who will be demanding accountability; it is the people who will be making us accountable. Unfortunately, many people still seem not to understand what kind of country they are living in or what kind of economy they are working in.

The time has come to look closely at cadres. In principle it is clear who stands for what: who is really promoting the reform and who is merely using the difficulties as a cover and lobbying for group interests, as often happens in our sectoral structures.

I understand that this is a sensitive issue. But it is one of a number of tasks in accelerating the reform, and it must be resolved. There is simply no other way today.

The specific areas of work for the second half of this year and for 1995 were described in detail and with the utmost clarity in President B. N. Yeltsin's speech. Much of that is reflected in the draft documents issued to you—the Government Decree and the Action Plan. I would add that we have begun work on the concept of the government program for 1995-1997. Life is becoming more predictable and more stable and thus the time has come to work for the future, not just for a "rapid response" and on the "burning" questions—from quarter to quarter and from month to month, as was happening quite recently.

Yes, the government now sees one of its main tasks in creating an atmosphere of stability and creativity in the country so as to get things done more calmly and confidently. This is essentially necessary for everyone who wants to live and work normally, to raise their children, and to plan their lives for the years ahead without having to think about tomorrow in fear. Stabilization is vitally necessary to those who intend to carry out long-term investments and to increase the nation's assets rather than erode them, while squandering their lives in the hope of getting rich overnight.

This is our task, this is our work—step by step, brick by brick to build the normal conditions of life for normal people in a normal country, such as we would like Russia to be. This is a question of national prestige and a task of historic character which all Russian reformers without exception have tried to resolve—from Peter the Great to Alexander II, Sergey Witte, and Petr Stolypin.

The main aim of our transformations is to turn Russia into a developed and full-fledged world state. This must and will be a state whose grandeur rests not on the general power of a missile salvo but on the wealth and well-being of its citizens, a high standard of democracy, and the high-quality base of its leading technology and efficient production.

We must work until we drop to achieve that end. But its achievement requires not just persistence in the implementation of economic transformations. It also needs durability and stability on the part of the authorities and order in the country, based on democracy and law, civilization and discipline.

It needs a precise and harmonious balance of powers between the federal center and the regions. It needs—I am convinced of this—the priority of the unity and integrity of our Russia.

I should like to use this platform to appeal to the leaders of the regions, members of the Federation Council, and Duma deputies. You are all sincerely and fervently concerned for the interests of your native regions and your voters—that is how it should be.

And I agree that the fatherland's might will be increased by the Russian provinces. I myself have not spent the bulk of my life in Moscow. But there is something else I am bound to talk about: Without a strong center and without a full-fledged authority at Federation level, nothing will work, no matter how hard you try, and the country as a whole will not survive.

There is something else I would like to say in conclusion. The government will not allow a discrepancy between word and deed. And the things that have been stated today and are outlined in our plans will be carried out.

The program for the second half of the year is intensive but realistic. I am confident that the firm stance of the president, the constructive work of the Federal Assembly, and cooperation among the country's political forces on the basis of the Social Accord Treaty will enable us to advance the reform considerably.

Today we have all the conditions for productive work. Only one thing is needed now—to work conscientiously.

Military & Space Issues

Border Troops To Be Increased in Light of Disputes

MK2007114094 Moscow SEGODNYA in Russian 20 Jul 94 p 2

[Report by Yuriy Golotyuk under the "Boundaries" rubric: "Explosive Trappings of Russian Statehood. Only 10 Percent of Russian Borders Have Been Correctly Defined"]

[Text] Colonel General Andrey Nikolayev, commander in chief of the Russian Border Troops, held a news conference at the Russian Federal Border Service Main Command yesterday. The meeting focused on the Russian Federation Security Council meeting last week, chaired by Boris Yeltsin, devoted to the protection of Russia's state interests on its borders.

Mr. Nikolayev explained that "the border—the most important element of Russian statehood—presently does not fully correspond to our country's role and place in the international community." The commander in chief pointed out that Russian borders are not homogeneous and that their status, functions, degree of protection, and potential for explosion differ at various sectors. On the new Russian borders, the function of protecting the state is still at an embryonic stage, while on the old ones it requires adjustment, taking into account new realities. Mr. Nikolayev said that in his report to the Security Council he touched on the problem of territorial claims on Russia by a number of its neighbors. Estonia lays claims to a territory of 2,300 sq km in Leningrad and Pskov Oblasts with a population of around 50,000 people; Latvia, to 1,600 sq km in Pskov Oblast with a population of 30,000 people; Japan, to a part of the Kuril Islands with a total area of 8,500 sq km (the islands of Kunashir, Iturup, Shikotan, Khabomai, Polonskogo, and so forth) and a population of around 25,000 people.

We have not agreed on two border sectors with China yet; a number of Russian borders have not been formalized by signing appropriate agreements in accordance with international law (with the United States, Japan, Estonia, Latvia, Lithuania, Belarus, Ukraine, Azerbaijan, Georgia, and Kazakhstan). On the whole, out of more than 60,000 km of the Russian state border, only 10,000 km have been legally formalized.

The plan for the implementation of the State Border Policy envisions that, unlike the Russian Federation Armed Forces, the Russian Border Troops are not subject to cuts and, moreover, are planned to be further increased in the next few years. As for the stance of the country's leadership on border service that was articulated at the recent Security Council meeting, the Border Troops commander in chief emphasized that "Security Council members—Chernomyrdin, Primakov, Stepashin, Yerin, Kozyrev, and Rybkin—supported in their statements all conclusions and proposals by the Border Troops Main Command for further strengthening the state border, and the Russian president instructed the government to devise measures to finance the border troops on a priority basis."

Among other things, Mr. Nikolayev flatly rejected the idea of subordinating the border troops to the Russian Defense Ministry, which was proposed the other day by Army Gen. Pavel Grachev, Russia's defense minister.

General Opposes Border Troops Integration Into Army

LD2107091394 Moscow ITAR-TASS World Service in Russian 0730 GMT 21 Jul 94

[By ITAR-TASS correspondent Lev Rumyantsev]

[Text] St. Petersburg, 21 Jul—Colonel General Andrey Nikolayev, the commander in chief of Russian border troops, has reacted negatively to the suggestion by Defense Minister Pavel Grachev that the border troops should become an integral part of the Armed Forces.

In an exclusive interview with ITAR-TASS today he said that this idea was the defense minister's own personal opinion, which had not been agreed either with President Yeltsin or with himself.

Nikolayev recalled that in most other countries, with few exceptions, border troops are a separate, independent force. The commander in chief believes that in peacetime the presence of regular army units either side of a border, in direct proximity to each other, is not conducive to peace and tranquillity.

It should be recalled that Russian Defense Minister Grachev called the other day for border troops to become an integral part of the Armed Forces, which would take over responsibility for guarding and defending the state frontier. At the moment border troops are responsible for land and water frontiers, the Army and Navy for the air and ocean depths. This is not altogether a sensible arrangement, the minister noted in an interview with ITAR-TASS correspondent Vladimir Gondusov.

Grachev does, however, see another possible alternative. The Armed Forces could transfer sufficient men and equipment to the border troops to enable the latter to assume responsibility for all borders.

Says Border Troops To Become Civilian Structure

LD2107101994 Moscow Radio Rossii Network in Russian 0800 GMT 21 Jul 94

[Text] Military attaches from a number of Embassies in Moscow have visited the Vyborg [Leningrad Oblast] border detachment for the first time. They visited one of the subunits and checkpoints and also looked at military equipment and weapons. Andrey Nikolayev, the commander in chief of Russia's border troops told the guests that Russia's federal border troops would gradually be transformed from a military to a civilian structure, but he stressed this would only be possible when the interests of neighboring states coincided and could be provided for jointly.

Budget Provides Border Troops 20 Percent of Needs

LD2007215694 Moscow ITAR-TASS World Service in Russian 1634 GMT 20 Jul 94

[By ITAR-TASS correspondent Olga Solodova]

[Text] Moscow, 20 Jul—"No matter how much money we are given—and thank you for that—we will carry out the tasks of defending Russia's borders." That is what Colonel General Andrey Nikolayev, commander in chief of the Border Troops of the Russian Federation, said about the 2.2 trillion rubles—20 percent of the amount required by the border troops—that the government has allocated from the budget to the Federal Border Service and the Border Troops. Of this only 37 percent will go to equip new borders. The rest of the money will be used to construct housing for the 12,000 officers and noncommissioned officers who do not have any.

In a conversation with the ITAR-TASS correspondent, the commander in chief also pointed out that today Russia has agreements with a number of CIS countries on ensuring national security on others' borders. While doing this the Russian border troops obey both Russian and national legislation. Where the two differ national laws are applied.

Col.-Gen. Nikolayev noted that when the CIS member countries set up their own national border services the defense of the external frontiers of the Commonwealth will fall to them. "And with open internal frontiers it is precisely the national border troops who will ensure the interests of Russia on their frontiers by the efforts of their own troops," he said.

Military Satellite Launched From Plesetsk Cosmodrome

LD2107090594 Moscow ITAR-TASS World Service in Russian 0640 GMT 21 Jul 94

[By unidentified ITAR-TASS correspondent]

[Text] Moscow, 21 Jul—On 20 July 1994 the satellite Cosmos-2283 was launched from Plesetsk cosmodrome by a Soyuz booster rocket.

The satellite was launched on behalf of the Russian Defense Ministry and placed in orbit with the following parameters:

initial period of revolution—89.5 minutes;
maximum distance from the earth's surface (apogee)—356 km;
minimum distance from the Earth's surface (perigee)—179 km;
inclination of orbit—67.1 degrees.
The equipment on board the satellite is functioning normally.

Federal Assembly

Committee Views Concept for Army Development

MK2007101094 Moscow SEGODNYA in Russian 20 Jul 94 p 2

[Dmitriy Kuznets report in the "Armed Forces" column: "By the Year 2000 the Russian Army Will Have an 'Ideal Management System.' There Will Be 1,100 Officers per General"]

[Text] The Duma Defense Committee has held hearings on reform of the Armed Forces. This problem, in the opinion of the organizers, called for a report by the defense minister, yet they had to make do with Anatoliy Kvashnin, first deputy chief of the General Staff Operations Department. Kvashnin presented to the deputies a concept for the development of the Armed Forces from 1996 to the year 2000.

The General Staff and the Defense Ministry admit that there is no global military danger fraught with a large-scale war. As is known, the Russian Federation's military doctrine stipulates nuclear deterrence as the main lever in ensuring the "global security of Russia." The Russian Armed Forces will be reoriented (with the preservation of the role of the Strategic Missile Forces) toward repulsing and "averting" local border conflicts. The Russian Armed Forces should be equal to the following tasks: maintenance of nuclear deterrence; localization of border conflicts; conduct of local wars; and peacekeeping. To address the latter three tasks, as is apparent from the defense minister's statements, special mobile forces are being created. The concept for the development of the Armed Forces does not, however, provide for an increase in the number of armed branches. On the contrary, the General Staff is going to reduce them from five to three. An intermediary option—four branches—is also possible. The scheme of transition to this structure is this: Either the Air Defense Forces are fully merged with the Air Force, or are divided among the Air Force and the Army. After the year 2000 the Strategic Missile Forces can be transferred to the Air Force, which will lead to the creation of "an ideal system of control" of the Russian Army. With an effective strength of 1.5 million there will be three branches, according to their "medium of application:" the Air Force, the Navy, and the Army.

The number of districts will also possibly be cut (now there are eight territorial districts in the Russian Federation whereas in the former USSR there were 18).

By 1 January 1995 the Armed Forces should have the following manning structure: 57.4 percent, enlisted men; 13.8 percent, NCO's; 28.7 percent, commissioned officers; and 0.09 percent, generals. According to General Staff estimates, the number of generals in the Russian Federation Armed Forces will correspond to other world armies. There will be 1,100 junior officers per general, which shows that the Armed Forces are not overburdened with top command personnel. Downsizing of the central apparatus of the General Staff and the Defense Ministry will proceed in strict correspondence with the reduction of the number of military districts.

The General Staff will present the concept for the Armed Forces development to the president this coming November.

Duma Holds Hearings on 'Closed Cities'

LD2007122294 Moscow INTERFAX in English 1029 GMT 20 Jul 94

[Text] In the near future "we will view Chernobyl as a paradise" compared with catastrophes which await us if we do not solve the problem of "closed cities," Chairman of the State Duma subcommittee on the military-industrial complex Stepan Sulakshin declared on Tuesday. He addressed the parliamentary hearings on the problems of "closed cities."

Director of the factory Nerpa (Murmansk-60) Pavel Steblin (the factory replaces and repairs "cores" of nuclear reactors from atomic submarines) reported at the hearings that according to available information, there are about 113 atomic submarines with obsolete reactors, they remain afloat "by artificial means" according to him. However, Steblin said, the factory Nerpa does not receive any funds for dissembling of old reactors—for creation of complex for this process or for mastering the technology of dissembling.

According to Steblin, a near-sighted economy can lead to disasters greatly exceeding Chernobyl.

At present there are 35 "closed cities" on the Russian territory (closed administrative-territorial entities). More than two million people live there. These "closed cities belong to the Atomic Energy Ministry, Defense Ministry, and State Defense Industry Committee and produce extremely dangerous products—atomic, chemical, rockets, etc.

The deputies pointed out that the reduction of state orders for the production of the military-industrial complex by 7-8 times, low wages, growing unemployment, and insufficient and irregular financing represent the major problems for "closed cities."

Participants of the parliamentary hearings proposed to pass laws to ensure priority financing of enterprises located in "closed cities."

Duma Pass Draft Law Facilitating Bank Reforms

LD2007170994 Moscow Radio Rossii Network in Russian 1600 GMT 20 Jul 94

[Text] A draft law on introducing changes and additions to the law on the Russian Central Bank was adopted at a first reading by the State Duma. According to Mikhail Zadornyy, chairman of the chamber's budget committee, the document sets out in detail regulations regarding relations between the Central Bank and the State Duma, the government and the president, and also covers virtually all aspects of the bank's work.

The document states that the council of directors, consisting of 12 members, is the supreme body of the Russian bank. The president presents the nominations for the office of Chairman of the Russian Bank. As Interfax reports, the draft law will be presented to the State Duma for discussion at a second reading in October.

Agriculture Committee Assesses 'Catastrophic' Situation

LD2007122794 Moscow INTERFAX in English 1029 GMT 20 Jul 94

[Text] Assessing the situation in Russia's agriculture, Aleksandr Nazarchuk, Chairman of the State Duma Agriculture Committee called it "extraordinary and catastrophic." He made this declaration at an expanded sitting of the committee on July 19 when it considered implementation of the 1994 federal budget for the fist half of this year and resolutions on the development of the agro-industrial complex adopted by the Russian government.

Attention at the sitting was turned to the production decline, the volume of gross production has dropped by more than 20 percent compared with 1986-1990, land for sowing has been reduced by 7 million hectares. Due to the absence of financial support from the state, price disparity and other negative trends, agricultural workers are having a hard time both in collective and private farms.

In light of this situation the Agriculture Committee's sitting decided to back the initiative of the Federation Council deputies who represent the interests of the village and to prepare a joint political statement between the committee, Agrarian Party of Russia faction, and the Agrarian Policy Committee of the Federation Council.

On Tuesday the press service of the State Duma reported that the statement is to be presented at one of the next sittings of the State Duma.

State Duma Adopts Draft Law on 1995 Budget

LD2007203894 Moscow ITAR-TASS World Service in Russian 1213 GMT 20 Jul 94

[By ITAR-TASS correspondent Pavel Kuznetsov]

[Text] Moscow, 20 Jul—A draft federal law "On the consideration and endorsement of the draft federal budget for 1995" was adopted today by the Russian State Duma as a whole. The document defines the time-scale and mechanism for the adoption of the country's budget for next year.

Oksana Dmitriyeva, chairman of a sub-committee of the Duma Committee for Budget, Taxes, Banks, and finances, who presented the draft law, noted that the document stipulates that the draft 95 budget must be presented to the Duma by the Russian Government before 1 October 1994.

The draft law, she said, also defines the type of materials that the government must present to the Duma in this connection. They include documents that determine the sphere of parliamentary control over state finances. The Russian Government will have to present to the State Duma draft federal programs determining the principles and characteristics of relations between the federal budget and the budgets of other component parts of the federation.

Moreover, Oksana Dmitriyeva stressed, the document stipulates that the government must present to the Duma "a quarterly layout of the budget for 1995" that the chamber will endorse aside from the annual budget.

The draft law, Oksana Dmitriyeva added, provides for "specific steps that may be followed should the Duma reject the draft 95 budget."

Duma Rejects Privatization Package Second Time

LD2107114394 Moscow ITAR-TASS World Service in Russian 1103 GMT 21 Jul 94

[By ITAR-TASS correspondent Pavel Kuznetsov]

[Text] Moscow, 21 July—The draft federal law "On the Adoption of a State Program for the Privatization of State and Municipal Enterprises in the Russian Federation after 1 July 1994" was rejected a second time round by the State Duma today.

Two hundred and twelve deputies voted for the draft law, 74 voted against and two abstained. Two hundred and twenty-six votes were required for its adoption.

The draft law was first rejected by the Duma on 13 July.

It was rejected regardless of the fact that the chairmen of the five leading economic committees in the Duma supported it.

Regional Affairs

Government, Opposition Forces Clash in Chechnya

LD2007120594 Moscow INTERFAX in English 1029 GMT 20 Jul 94

[Text] Armed clashes between the opposition armed formation of Ruslan Labazanov and armed forces loyal to President Dzhokhar Dudayev erupted on Wednesday night in Groznyy, the Chechen capital.

The headquarters of the Chechen opposition reported to Interfax that at present hostilities in the city continue. A bridge via the Argun River has been exploded. There is no information about the number of forces participating in the hostilities nor about any losses suffered.

The first armed clashes between Labazanov's grouping and Dudayev's forces took place on June 13. According to unofficial information, more than 10 Labazanov's fighters, more than 30 Dudayev's supporters, and about 100 civil residents were killed during those hostilities.

After that Labazanov swore to take revenge on the death of his brother who was killed in an exchange of fire.

Groznyy Denies Armed Clashes

LD2007165294 Moscow ITAR-TASS World Service in Russian 1547 GMT 20 Jul 94

[By ITAR-TASS correspondent Sharip Asuyev]

[Text] Groznyy, 20 Jul—Officials in Groznyy have denied a report that armed clashes took place in the republic on Tuesday [19 July] between Ruslan Labazanov's grouping and government troops. The state news agency CHECHENPRESS reports today that Labazanov's group blocked the entrances to the town of Argun last night by closing the rail and road bridges. But by lunchtime today, following talks with the elders and members of the clergy, the fighters cleared the roads and withdrew from the town.

According to reports from other sources, a special purpose regiment supporting Dzhokhar Dudayev and led by Ruslan Gelayev was moved into the area. But, fortunately, no clashes occurred.

Given the information vacuum in Chechnya, it is virtually impossible to clarify the details of the incident and its possible consequences. What is known is that Ruslan Labazanov and Ruslan Gelayev know one another well and, at one time, protected the Chechen president together. But the first was declared to be a bandit a couple of months ago, and his grouping was smashed in Groznyy with the use of armored vehicles on 12 June.

Conflicting Reports on Groznyy

LD2007201794 Moscow INTERFAX in English 1917 GMT 20 Jul 94

[Text] An opposition spokesman told INTERFAX today that rebel leader Ruslan Labazanov's armed formations had virtually blockaded Groznyy on Wednesday. They had cut off the road 20km to the south of Groznyy, entered the town of Argun and captured the local Interior Ministry department. Another motorized group had blocked another road leading to the capital.

The source added that one of Labazanov's mobile groups was in Groznyy although as yet there are no reports of clashes with government troops and casualties. The source maintained that Labazanov's men are well armed, having guns, machine guns and recoilless weapons set up on specially equipped vehicles.

The source confirmed the fact that last night near the state security building in Groznyy two government armored vehicles were burnt out.

The first armed clashes between Labazanov's forces and government troops took place in Groznyy on June 13. Some reports suggested that over 10 Labazanov men, over 30 government soldiers and around 100 civilians were killed. Afterwards Labazanov swore revenge on President Dudayev for the death of his brother who died in the shooting.

Officials in Groznyy categorically denied any success by followers of Labazanov. Sources close to President Dudayev said that government troops were pursuing and had partly isolated "the scattered remains of Labazanov's groupings."

No. Ossetian Situation 'Extremely Complex'

LD2007114894 Moscow Mayak Radio Network in Russian 0900 GMT 20 Jul 94

[Text] The operational situation in the area of North Ossetia where the state of emergency regime is in force until 31 July remains extremely complex. Yesterday evening [19 July] near a quarry of the (Terk) limestone works an armored personnel carrier of the North Ossetian Ministry of Internal Affairs' patrol and sentry service was ambushed by unidentified criminals using grenade throwers and automatic weapons. The mobile militia detail was guarding economic facilities around the town of Vladikavkaz. The paramilitary security force returned fire and a skirmish ensued, as a result of which five employees of the republic's Ministry of Internal Affairs received wounds of differing severity. They were all taken to the republican clinical hospital.

When the alarm was raised, subunits of the Russian Army placed under the interim administration and the North Ossetian Ministry of Internal Affairs arrived at the scene of the incident. A nearby forest area was combed and trenches, a reinforced firing point, and used cartridges were discovered. An investigation into the circumstances of the armed attack on the paramilitary security force is being conducted by an operational investigation group of the Russian Ministry of Internal Affairs.

Meanwhile, in the state of emergency zone a group of deputies of the Federal Assembly of Russia is continuing its work. They are finding out about the sociopolitical situation in the region, meeting residents, refugees, community representatives, and the leadership of North Ossetia and Ingushetia. An ITAR-TASS correspondent has learned that today Yuriy Biragov, the head of the North Ossetian Parliament and deputies of the Federation Council of the Russian Federal Assembly met refugees, Cossacks from Chechnya and Ingushetia and Ossetians from inner regions in Georgia. During the conversation the question was examined of accommodating the 49,000 citizens from Georgia, Chechnya, Ingushetia, Central Asia, Abkhazia, and South Ossetia, who have been forced to live in North Ossetia for more than three years now.

Ingushetia's Aushev Welcomes 'Offshore Zone' Plans

MM2107090994 Moscow ROSSIYSKAYA GAZETA in Russian 19 Jul 94 First Edition p 1

[Report by ITAR-TASS: "A Real Step"]

[Text] Ingushetia's President Ruslan Aushev has welcomed the decision by the Russian Government to set up an offshore zone in the republic. In his view, the formation of a preferential economic zone for entrepreneurial activity is a "real step by Russia in the development of a market economy."

Ruslan Aushev stressed that it is planned, by means of easing the tax burden, to attract to the zone both national and foreign enterprises which are not actually on its territory, and which will only be registered here. This will pave the way for Ingushetia to obtain additional financial resources to be channeled into the development of production.

Chernomyrdin Visits Arzamas-16 Research Center

LD2007120294 Moscow INTERFAX in English 1029 GMT 20 Jul 94

[Text] Head of the Russian government Viktor Chernomyrdin came to the city of Kremlyov (Arzamas-16) "not to solve the fate of the nuclear center which is situated there but to get acquainted with the situation in the city." According to Chernomyrdin, "Russia has needed and will need the center." The Kremlyov-based Federal Nuclear Center (FNC) specializes in fundamental research. There are also several enterprises there which dismantle and assemble nuclear warheads.

Leader of the FNC Vladimir Belugin reported to Interfax that he hopes Chernomyrdin's visit to solve the fate of this largest of research centers, and primarily the issue on its financing from the state budget.

As of 1994 the center needs 290 billion rubles, while receiving much less money and with a substantial delay. In Belugin's words, this causes great delays in paying wages to the 21,000-strong staff of the center and suspension of work on key programs.

As Belugin reported there are plans providing for international cooperation with the United States, and possibly, with France, but this will solve the financing problem only by 2-5 percent. "Financing from the federal budget remains the major problem," Belugin underlined.

He indicated that due to great delays in wages the staff experiences uncertainty in regards to their future and dissatisfaction, however, workers and engineers still "keep up discipline."

Nizhny Novgorod Governor Boris Nemtsov, who met Chernomyrdin in the airport of Arzamas-16, reported to Interfax that he hopes Chernomyrdin's visit will help adopt principal decisions on land reform. Nemtsov also intends to discuss issues related to the preparation for the celebration of the 100th anniversary of the first Russian exhibition-fair scheduled for May 1995, and to touch upon the problem of implementation of federal programs.

In Nemtsov's words, the Nizhny Novgorod Region has fulfilled the plan for its payment of taxes to the federal treasury, totaling 70 billion rubles, by 110 percent, at the same time financing of federal programs on the territory of this region has been fulfilled only by 5 percent.

Pledges Nuclear Centers To Remain Open

LD2007151294 Moscow ITAR-TASS in English 1419 GMT 20 Jul 94

[Text] Arzamas-16 (Nizhniy Novgorod region) July 20 TASS—Nuclear centres are necessary for Russia and nobody intends to close them, said Russian Prime Minister Viktor Chernomyrdin when he arrived here on Wednesday.

According to Chernomyrdin, he intends to look into the situation at the local federal nuclear centre, which lacks funding, in full detail. Local enterprises specialize in assembling nuclear arms and in dismantling nuclear warheads subject to reduction.

According to Vladimir Belugin, director of the federal nuclear centre, the government underfunds the top-secret town in terms of its production and scientific-research programmes aimed at "conversion", where 80 percent of the inhabitants are employed in the nuclear production field.

One of the stumbling blocks in implementing "conversion" projects in the town, including joint international ones, consists in strict limitations specified in international agreements on non-proliferation of nuclear technologies signed by Russia.

Russia should appreciate opportunities for increasing the availability of its high technologies on the world markets without running the risk of proliferating nuclear arms, Belugin said.

According to Belugin, a draft agreement on the status of the federal nuclear centre and a list of extraordinary measures to be taken to improve funding have already been submitted to Chernomyrdin.

Hopefully, the documents will pass through the federal government in the near future, he said.

Visits Automobile Plant in Nizhniy Novgorod

LD2007180594 Moscow INTERFAX in English 1621 GMT 20 Jul 94

[Text] The Russian Prime Minister Viktor Chernomyrdin expressed his conviction that the manufacture of new types of products and technologies competitive in any market, including in the West, should become an important part of reforms. He was speaking in Nizhniy Novgorod as the local GAZ car and truck factory held a special ceremony to mark the beginning of the serial production of a new type of 1.5 tonne truck.

"Nizhniy Novgorod is quickly gaining experience, of which the beginning of the production of a new light truck is evidence," Chernomyrdin said. "You will make a breakthrough, just as the entire country will. I am pretty certain about that", Chernomyrdin told automobile factory workers.

The governor of Nizhniy Novgorod Boris Nemtsov, who also spoke at the rally, recalled that when the new truck was still in the research and development phase, Prime Minister Chernomyrdin promised him to buy the first vehicle to be produced and said that Chernomyrdin should start saving in order to fulfill his promise.

Nemtsov also said that negotiations were underway with Peugeot (France) and Deutz (Germany), to equipping the new GAZ truck (model 3302) with their engines. Governor Nemtsov believes that the 1.5 tonne trucks with an all-metal body will be ready to contest for CIS markets. When imported engines begin to be installed in them, automobile markets in other countries will become a target, he said.

Cherkessiya Gripped by Standoff Between Authorities

MK2007115094 Moscow KOMMERSANT-DAILY in Russian 20 Jul 94 p 3

[Report by Dmitriy Kamyshev: "Situation in Karachayevo-Cherkessiya. A 'War' Between Branches of Authority Begins"]

[Text] The situation in the North Caucasus can already be included in textbooks as a classic example of the law of conservation of energy: a lull in the areas of long-time conflicts immediately triggers an outbreak of tension in other, hitherto calm regions. This time around, the excess of energy has flowed from the presently low-key Abkhazia and Chechnya to Karachayevo-Cherkessiya, where a standoff between branches of authority has intensified. Even a joint statement that was made 19 July by the republic's prime minister and parliament speaker has not yet eased the tension.

Until recently, Karachayevo-Cherkessiya was referred to as one of the few oases of calm in the North Caucasus. It was local elections that turned out to be the bomb that blew up the republic's political stability. In Karachayevo-Cherkessiya, elections were scheduled for 24 April, but on 25 March the Supreme Soviet canceled them and, converting itself into a People's Assembly, thus resolved the problem of reforming local authorities in the most painless—from its point of view—manner. The decision did not suit Prime Minister Vladimir Khubiyev, however, who expected—not without reason—not only to see his supporters win seats in the new parliament, but also to become president (simultaneously with the parliamentary elections, a referendum was scheduled on introducing the presidency).

The parliament's and the government's further steps ideally fit in with a scheme of war between branches of authority. The prime minister refused to deliver a report to the "renewed" parliament, nor would he appoint the deputies' nominee, Aleksandr Volkodav, to the post of internal affairs minister. Khubiyev's opponents have accused him of infringing on the rights of Russians, and called on Boris Yeltsin to remove him from office by decree and to impose presidential rule in the republic. In response, citing an expansion of the government lineup, the government chairman took from the deputies the building of the House of Soviets, which had recently been turned over to them.

A similarity between this conflict and the yet unforgotten standoff between federal authorities proves that Karachayevo-Cherkessiya leaders have carefully studied the methods of their Russian predecessors. The only innovative element has been the active involvement of the Cossacks: proposals have already been made that Karachayevo-Cherkessiya's Cossack regions be turned over to Krasnodar Kray and that the All-Kuban Cossack Army's rapid reaction brigade be invited to the republic's capital, Cherkessk. The risk that the standoff between the authorities could grow into an ethnic conflict is still fairly high.

The Russian leadership, however, which has had enough of dealing with traditional troublemakers in the rest of the North Caucasus, does not have the slightest interest in the heightening of tensions. Moscow appears to have said its weighty word: Precisely after Viktor Savelyev, speaker of the Karachayevo-Cherkessiya People's Assembly, had made a trip to the capital, the conflicting sides finally signed a joint statement. The prime minister promised that the deputies would not be resettled from their premises, and the parliamentary speaker agreed to hold parliamentary elections in fall 1994. Still, as Russian history has shown, even very good documents are sometimes not enough to avert a tank attack on the parliament.

Kaliningrad Residents Seek New Autonomous Status

OW2007141794 Moscow Ostankino Television First Channel and Orbita Networks in Russian 1835 GMT 13 Jul 94

[S. Chekalin commentary over video; from the "Utro" program]

[Text] Kaliningrad Oblast, an enclave with 1 million people which finds itself outside the Russian Federation, has become a kind of geographical oddity since the disintegration of the Soviet Union and remains an administrative territory with an inconclusive status. It can be considered to be a national oblast located on the territory of another kray, like the Adege Autonomous Oblast in Krasnoyarsk Kray. It needs to be an autonomous region of some sort, either an autonomous oblast or a republic. Every school child who has studied geography understands this.

However the Russian Kaliningrad Oblast which is surround by Poland and Lithuania has for some reason continued to exist as an ordinary oblast for the past three years despite the lessons of school geography. Repeated efforts to give it a different state and legal status undertaken many times by the oblast soviet in the past and now by the oblast duma have been stubbornly swept under the rug by Moscow parliamentarians. This has a pernicious effect on the life of Kaliningrad people who are forced to solve any economic or political issue with their neighbors through the medium of Moscow. This means that any decision gets bogged down in the processes of coordination and approval and more often than not it gets filed away without any solution.

The Lithuanians have introduced exorbitant dues for transit freight which has increased the cost of goods being brought from Russia twofold or threefold. Acceptable measures introduced by the oblast could easily lead to a compromise, but it cannot adopt these measures. They require Moscow's sanction. But the State Duma in Moscow keeps postponing the issue. So for the third year we are living in a state of siege.

If we had the status of an autonomous republic—If we were the West Russian Autonomy, for instance—we could establish direct treaty relations with our western neighbors and get such things as sources of energy, construction materials, and foodstuffs at prices lower than those received from Russia. This is logical since they are right next door. However, our status does not permit this since permission must be received from Moscow. So contrary to common sense we are buying all these things from across three borders in the east and hence suffering unjustifiable losses. Of course, all of this has a negative effect on the wellbeing of Kaliningrad residents who due to circumstance beyond their control find themselves outside the cordon far from the parent state.

The draft law on the new status of the oblast is lying in the State Duma. It has been there a long time and the people of Kaliningrad demand that its adoption be accelerated.

Komi Ministries, Enterprises on 'Red Alert'

LD2107102294 Moscow ITAR-TASS in English 0951 GMT 21 Jul 94

[By ITAR-TASS correspondent Viktor Makarov]

[Text] Syktyvkar July 21 TASS—The heads of ministries and departments, as well as of major enterprises of the Republic of Komi in northeastern European Russia, have been put "on red alert" by an order of the First Vice Premier Anatoliy Karakchiev. They may now take out time for vacation or leave the republic only with consent of the vice premiers is charge of relevant industries.

The move was prompted by "the complex social and economic situation in the republic and in order to ensure operational guidance".

The situation in the Republic of Komi is very tense indeed. Wages have not been paid for months to workers at some enterprises. Some residential areas in the forests have been hit by short supplies of food. Although summers are usually relatively quiet here, this year a wave of demands and threats to resort to extreme measures has been rising.

The republic within the Russian Federation has no financial resources to put out the social conflagration which is gaining momentum. There is no money in the treasury.

Tuva Edict Seeks To Solve Constitutional Differences

MM2107103794 Moscow ROSSIYSKAYA GAZETA in Russian 20 Jul 94 First Edition p 2

[Unattributed report: "Differences Can Be Eliminated"]

[Text] The Republic of Tuva president and Government are seeking to cooperate with the federal organs of power in the assertion of genuine federalism and local self management and the implementation of market reforms. That is stressed in a special Tuva Government decree adopted with regard to the recent visit to the republic by Russian President Boris Yeltsin.

President Yeltsin's trip, which took place 15-16 June, is assessed by the Tuva Government as a major sociopolitical event in the republic's life.

The decree determines the working group which has been instructed to prepare proposals to eliminate contradictions between the federal and republican constitutions. It stresses that Boris Yeltsin advocated the gradual elimination of constitutional differences through dialogue and consultations with a consideration for the opinion of the Tuva Great Khural (congress).

International Affairs

Parliament Speaker Expresses Doubts Over NATO Program

LD2007181994 Moscow ITAR-TASS in English 1712 GMT 20 Jul 94

[Report by ITAR-TASS correspondents Viktor Demidenko and Mikhail Melnik]

[Text] Kiev 20 July TASS—Chairman of the Ukrainian Parliament Oleksandr Moroz expressed doubts about the viability of NATO's Partnership for Peace Programme, to which his country had already signed.

Speaking at a news conference today, Moroz qualified the programme as an alternative way to enter the alliance. "There are ways to promote peace other than entering a military bloc," the speaker said.

The parliament chairman believes that Ukraine should join the Nuclear Non-Proliferation Treaty "but first, the world community should provide all necessary political and economic guarantees."

Moroz said that an economic treaty between Ukraine and Russia must be signed as soon as possible, adding that he will go to Moscow next week to negotiate its aspects.

The future treaty should fix the principle of territorial integrity of both states, the speaker stressed.

Statement Notes Need for Structural Societal Reforms

LD2007173894 Kiev UNIAR in Ukrainian 1415 GMT 20 Jul 94

[Joint statement by Ukrainian President Leonid Kuchma, Prime Minister Vitaliy Andriyovych Masol, and Supreme Council Chairman Oleksandr Moroz; place and date not given]

[Text] The elections of the president of Ukraine, deputies of Ukraine's Supreme Council, and local councils enabled the process of forming a new power in the center and in the localities to be basically completed.

During the elections the people of Ukraine, with their high public activity, refuted the improvident forecasts with regard to their will and unambiguously confirmed the people's dissatisfaction with the situation in their own state. The catastrophic decline in production, mass impoverishment of the population, uncontrollable increase in crime and corruption, which threaten the state with national catastrophe and the loss of independence, have caused the people of Ukraine to opt for new politicians and a new policy.

While understanding the complexity of the situation and sensing the responsibility for the fate of the people of Ukraine and the future of our state, we more than anyone else, see a way out of the crisis and clearly realize the vital necessity of coordinated activity in all branches of power as an important condition of harmony in society.

Our common understanding of the urgent need to halt the decline in the living standards of the overwhelming majority of the country's citizens and to ensure a gradual growth of their living standards by means of restoring production, structural economic reorganization, currency and fiscal regulation, protecting the working people and the entire population socially, is a basis for such an accord. We have an intention to take resolute steps toward that end to improve the system of relations between the central and local bodies of power, to complete the formation of an integral system of executive power headed by the president, and to broaden the democratic principles of self-government with simultaneous consolidation of state discipline, law, and order.

We declare our readiness to strictly abide by the Constitution currently in force, whose provisions can be consolidated only on the basis of compromises, coordination and good will of all sides.

With the aim of consolidating society and achieving constructive interaction of various political forces with the authorities we consider it necessary to put forth and implement a number of specific initiatives, to expand the practice of regular mutual contacts, to make it a rule to inform the population about the actions by the power bodies and their leaders through the press, television and radio, as far as the state's internal and foreign policies are concerned.

We understand the need to consolidate equal economic and political relations with various countries of the world, especially with Russia, Belarus and other countries on the territory of the former Soviet Union, to preserve traditions of friendship among their nations. We consider it our duty to ensure the necessary preparations for the joint celebration of the 50th anniversary of the Soviet people's victory in the Great Patriotic War of 1941-45.

Being convinced that the prestige of the authorities fully depends on the extent its actions meet the interests of the majority of the people—workers, peasants, intellectuals, veterans and youth—we address this appeal to the people of Ukraine and count on understanding and support of our joint actions on the part of political parties, public organizations, movements, work collectives and everyone who is not indifferent to the fate of Ukraine.

Masol Views Bread Prices, Inflation Link

LD1907194394 Moscow INTERFAX in English 1906 GMT 19 Jul 94

[Text] Ukrainian Prime Minister Vitaly Masol said his government was not going to raise bread prices to avoid a fresh surge of inflation.

He told parliament on Tuesday [19 July] that the government had allocated 40 trillion karbovantsy as a bread subsidy.

The government forecasts a grain harvest yield of 25 metric centners per hectare this year, as compared to last year's 35 centners per hectare.

Masol said that, "in spite of the chronic failures to meet the national budget," the government had managed to raise enough funds to pay the country's farmers for all the produce it had bought from them, thereby carrying out a parliament resolution to that effect. He also said the National Bank planned to allocate loans this month in addition to the 5 trillion karbovantsy provided for agriculture in May.

Masol said the program of state purchases of butter and meat had been fulfilled. But he said the government needed more of those products for sales to Russia. "This would enable us to pay for Russian energy," he said, adding that "the Cabinet will issue a directive within the next few days for supplies of agricultural produce (to Russia)."

Masol said the government had banned export of scrap metal, shortage of which forced Ukrainian foundries to stand idle.

"Enterprises which wish to export their goods must increase their production. Then they will be able to sell their products without any duties or licenses," he said.

National Affairs

Former President Kravchuk To Remain in Politics

LD2007121594 Moscow ITAR-TASS World Service in Russian 1118 GMT 20 Jul 94

[Report by ITAR-TASS correspondents Viktor Demidenko, Mikhail Melnik]

[Text] Kiev, 20 Jul—Ex-President of Ukraine Leonid Kravchuk is not preparing to leave the political arena. He stated this at a news conference on the results of the presidential elections in the country, which was held today. Kravchuk intends to create a named fund to support culture and art.

He also reported that he will not be a member of the opposition to the present head of state. On the contrary, Kravchuk agreed with Leonid Kuchma on periodical meetings, during which they will discuss problems that have come to a head. These conversations will be of a consultative nature.

The ex-president is not preparing to set up his own party. It is possible that he will stand for a vacant deputy's seat. At the present time he has been nominated for people's deputy of Ukraine. For the moment I am thinking about it. But if I am elected a people's deputy, then it will be highly unlikely that I will be affiliated to any parliamentary faction, Kravchuk noted.

Kravchuk Promises To Support Kuchma

LD2007164094 Kiev Radio Ukraine World Service in Ukrainian 1600 GMT 20 Jul 94

[Text] Ukraine's ex-President Leonid Kravchuk held a news conference in Kiev for Ukrainian and foreign journalists. He spoke about the first years in the development of Ukrainian statehood and his activities as head of state. In his view, the main goal was achieved: Ukraine exists as an independent and sovereign state that has been recognized worldwide.

Kravchuk did not deny the fact that, while a president, he made mistakes. But, according to him, they were inevitable in such a difficult situation and did not affect the overall historical course of developments in Ukraine. He also stressed that the transfer of power took place for the first time in a civilized way.

Kravchuk promised his support to the new president in the effort to protect Ukraine's interests.

Masol: 'Minor Changes' Expected to Kuchma's Government

LD2007150294 Moscow INTERFAX in English 1310 GMT 20 Jul 94

[Text] Only minor changes are expected to be made in the Ukrainian government after President-elect Leonid Kuchma assumes his duties. On the whole the shaping of the Cabinet is over, Ukrainian Prime Minister Vitaliy Masol told INTERFAX-Ukraine.

He said that only candidates to the posts of ministers for forestry and education remain to be approved.

Asked about an appointment to the post of foreign minister, Masol said: "I don't think we shall change our foreign policy."

Earlier, president-elect Kuchma had stated that the Cabinet was likely to be reshuffled after he was sworn in.

Masol supported the idea of strengthening the executive authority without which "no control can be exercised." He also noted that "every branch of authority must have its own responsibilities."

He said that the redrafting of the 1994 budget could last about four months. Earlier, the Ukrainian parliament had approved a deficit-free budget for 1994 while reserving the right to adjust it every three months.

Masol favors the idea of extending subsidies to the coal-industry enterprises. "We should be cautious about liberalizing prices on coal, given the absence of a pricing system," he said.

He rejected the rumors about possible cuts in oil supplies to Ukraine after the change in presidents. Earlier, Ukraine had concluded a contract for oil supplies with the Russian company Nordex. Being as the contract was signed by the head of the previous cabinet Yefim Zvyagilskiy, some experts argued that after the election of a new president, the contract could be cancelled.

"Oil is already being supplied to Ukraine," said Masol. "We have received 8 million tonnes during the first half of the year and are to receive 10 million tonnes during the second half of the year," he added.

Tasks Facing New President Kuchma Viewed

MM2107101594 Moscow ROSSIYSKAYA GAZETA in Russian 20 Jul 94 First Edition pp 1, 3

[Report by Vladimir Kuznechevskiy: "Kuchma Not In for an Easy Time"]

[Text] Ukraine's first president has bequeathed a grave legacy to Leonid Kuchma. In two and one half years he has knocked the economy sideways, destroyed the entire social sphere almost completely, lost his way in foreign policy, flirted with the national radicals, made their ideology the state ideology, and thus clearly revealed the country's division into west and east, leading it right up to a confederative structure.

And now the new president is faced with several very complex tasks at once: leading the country out of economic collapse, finally beginning to implement economic reforms, consolidating the eastern and western oblasts on the basis of these common goals, and strengthening ties with Russia.

Tasks which are hard individually but taken together all the more so. Their fulfillment is greatly complicated by the fact that Kravchuk, apart from the above problems, bequeathed as an independent power center a management apparatus which is mostly unprofessional and many of whose representatives were promoted not thanks to their skills, knowledge, or experience but by speculating on the idea of Ukraine's independence. As two years' practice has shown, this state apparatus does not know how to extract the country from the crisis and does not want to implement reforms. And if to that you add the venality and corruption of part of that apparatus then the picture looks even gloomier.

How far this assertion accords with reality can be seen just by the fact of the falsification of the results of the elections in both the first and second rounds.

After Kuchma's victory the mass media published information whose analysis makes it possible to voice the opinion that Kuchma won the elections at the first round, but was declared to have lost as a result of the falsification of results.

The several days' delay in announcing the official results after the first round enabled Kravchuk's administration to "raise" the percentage of those who had voted for him from 31 to 39 percent and to "outstrip" Kuchma by 5 percent.

Falsification became even more extensive in the second round. The mass media report that in the country's western oblasts many hundreds of thousands of false ballot papers were discovered in which the name of the contender had been crossed out and the name of the president left. Thus, in Lviv Oblast by 2000 hours on 10 July 1,337,000 voters had voted yet by 0200 hours that night a further 504,000 ballot slips had been added to the ballot boxes, all of them, naturally, supporting Kravchuk. It is hard to imagine the mad voters who, suddenly remembering, rushed at breakneck speed at midnight to the polling stations to vote for some presidential candidate.

When there was no victory even as a result of these machinations, the order came from the central electoral commission to "add" a further 400,000 votes in favor of kravchuk in each oblast.

But nothing could be put right by then. Kuchma's victory was overwhelming. It is impossible to imagine this management apparatus in the center and locally and this president's administration will support Kuchma's undertakings and lay down their lives for their implementation. This formation, brought to life with Kravchuk, will only support the new president if, like the previous head of state, he does not interfere in anything. But to all appearances L. Kuchma will not do that. That means the apparatus will have to be partly changed and partly reeducated, placing its activity within the strict framework of the law, whereby parasitism will be severely punished.

That is the first problem which the new Ukrainian president will soon encounter in his undertakings—the first but probably not the main one.

Far more important is the problem of mutual relations with the Supreme Council.

The situation for Kuchma is complicated by the fact that the second center of power opposing him is the Ukrainian Supreme Council which in this activity has virtually merged with the management apparatus, at any rate in its top government echelon.

And matters are far more serious regarding this second center of power since here the new president is opposed mainly not by those who like to live well but by ideological adversaries. A considerable proportion of the Supreme Council will not accept Kuchma's main line—toward economic reforms. Thus they say that the socialist Aleksandr Moroz, the Ukrainian parliament speaker, will wholeheartedly reject the very word "privatization" to which process in the economy L. Kuchma intends to move.

Another parliamentary leader, the Communist Petr Simonenko, was even more categorical: "Kuchma's economic views are the fast track to capitalization, which we categorically oppose."

The Ukrainian parliament since the new elections, when it was joined by deputies of left-wing orientation, in fact acts from unanimous positions: It is seeking to focus in its hands virtually all executive power, taking it from the president in order to implement its own version of economic reforms without privatization, without "capitalization." With a view to concentrating all power in its hands, parliament, led by A. Moroz, had made efforts even in L. Kravchuk's time to establish full control over the government. Nine days before the presidential elections parliament approved Vitaliy Masol as the country's prime minister and in the interval between the first and second rounds did not reduce its activity on this plane, evidently reckoning that whoever became president the government, put in place by parliament, would be subordinate to the parliament.

It is reaching the point of absurdity. L. Kuchma is presented with his certification as president yet just before this the Supreme Council appoints Yevgeniy Marchuk, former chief of the security service, to the post of vice premier for questions of defense and state security, and his former deputy Valeriy Malikov as the new security service chief.

Yet it is well known that the president should have decisive influence on the appointment of key figures like the prime minister, the defense minister, the security minister, the foreign minister, and the finances minister.

To all appearances A. Moroz will not abandon his idea of straighjacketing the president's powers.

The Supreme Council speaker did not wait for specific steps by L. Kuchma regarding the agreement of questions of the balance of power in the state but immediately turned to specific actions. Foreseeing that the president, like B. Yeltsin in the past, would necessarily be obliged to ask for additional powers from the Supreme Council with a view to putting through the reforms as rapidly as possible, A. Moroz recently persuaded parliament to definitively deprive Kuchma's closest fellow fighters, Vladimir Grinev, of his deputy's powers.

The president has taken up the challenge and made a statement about "a parliament with no respect for the law." But as of today that changes little: A. Moroz has not allowed the presence in the Supreme Council of a propresidential counterweight to himself in the person of Grinev.

One can also imagine further steps on this plane. Obviously we can expect attempts, as R. Khasbulatov once made in his struggle against B. Yeltsin, to play the regional leaders' card. After all, governors in Ukraine are now elected, not appointed, and would consequently seem to be independent of the president. And therefore in a dispute between the president and parliament they could take the latter's side. It is true that it will be more difficult to play this card in Ukraine than in Russia.

The point is that the period of L. Kravchuk's rule has been marked by a shift in the center of real power from Kiev to the Western oblasts, primarily Lviv. That is the conclusion of the Ukrainian analysts and they explain this by the fact that substantial funds from the state budget in the form of taxes from the most populated oblasts (the eastern, southern, and central oblasts(are now not being returned to the regions but are being pumped into the western oblasts. L. Kuchma, who came to power thanks to the votes of the eastern regions' electorate, will be obliged to restore the balance here, that is, figuratively speaking to make Kiev the capital of the whole country again and not of the Western lobbyists. The governors of all regions of the country will sense this immediately and will be obliged to establish close business relations with the president and government and not the Supreme Council. Otherwise they will lose face in the eyes of their voters. If the new president manages to use this fact that means he will receive powerful support from the regional leaders, which will also help him in the struggle to influence the formation of the government in the new cabinet.

Whichever way events develop one thing is undoubted: The new president, if he intends to do everything he proclaimed during the election campaign and primarily the economic reforms (and to all appearances he intends to implement what he has stated) will have to resolve the problem of mutual relations between the three centers of power—the president and his administration, the Supreme Soviet, and the management apparatus as a whole, including the government.

This entire situation is strongly reminiscent of recent Russian history when a struggle for power developed before our eyes between the president, recklessly advocating reforms, and the Supreme Soviet, trying with all its might to curb that recklessness. It is true that B. Yeltsin's position was somewhat preferable since in contrast to Kuchma before the period of confrontation he was able to form his own government himself.

The Ukrainian president's position is far more complex. In this situation only the people who elected him support him. The management apparatus and the Supreme Council are in virtual opposition and he does not yet have his own administration. And the reforms he promised must be implemented.

To judge by information coming from Kiev the Supreme Council deputies have little concern for the fact that parliament by definition cannot act in the role of supreme executive power. And that means that we cannot yet count on a compromise. Yet this situation cannot continue for long: The voters will not wait. Thee should be a denouement in some form in the fall. In what form it will come—through a nationwide referendum which the president will be obliged to undertake or through early parliamentary elections initiated by L. Kuchma—no one can predict that right now. But one thing is clear. Unless all the named centers of power are able to find a compromise version in their relations on the basis of the principle "render unto god the things that are god's and render unto Caesar the things that are Caesar's" then I fear the Ukrainian parliament may have to repeat the fate of Khasbulatov's Supreme Soviet.

Republican Leader Hopes Kuchma Will 'Go Ahead With Reforms'

AU1907182594 Lvov ZA VILNU UKRAYINU in Ukrainian 13 Jul 94 p 1

[Report by Ihor Stolyarov from Odessa: "Even Though This Victory Was Not Desirable...."]

[Text] Honorary chairman of Ukraine's Republican Party Levko Lukyanenko, commenting upon the results of the second round of presidential elections, said this in an interview with the correspondent of the Press Center "Pivden" [South]:

"I assess the results of the presidential elections as a logical consequence of the activity which Leonid Kravchuk conducted. When I visited the northern part of Sumy Oblast and Chernihiv Oblast, I only heard complaints from the people: 'Over the time of Leonid Kravchuk's power we have starved and become impoverished....' People do not look into the future, but back on the past—it is total deterioration of the population's standard of living, the halting of enterprises, and shortage of funds for medical services.... All these social misfortunes pushed the people away from Kravchuk. The people did not vote precisely for Leonid Kuchma, but rather against Leonid Kravchuk.

"For me, Leonid Kuchma's victory was undesirable. However, there is no tragedy, since, in the course of the election campaign, all candidates for the presidential post made tours throughout Ukraine and looked for and thought about ways to emerge from the economic crisis. I believe, therefore, that chairman of Ukraine's Supreme Council Oleksandr Moroz and Ukrainian President Leonid Kuchma will go ahead with economic reforms. Leonid Kuchma stressed that he attaches great importance to establishing order in Ukraine, something that we really need. However, where the establishment of order ends and the restriction of human rights starts—this must be closely watched by Ukraine's democratic organizations."

Statement Reminds Kuchma of Promise To Promote Sovereignty

AU2007180994 Kiev HOLOS UKRAYINY in Ukrainian 19 Jul 94 p 2

[Unattributed report on "Statement by Democratically Oriented Parties and Organizations Published by the Democratic Association 'Ukrayina' [Ukraine]": "The President Must Be a Guarantor of Sovereignty"]

[Text] "On 10 July 1994, Leonid Kuchma was elected Ukrainian president. Out of respect for the will of the majority of the electorate who voted for a different president of independent Ukraine, we regard his election as an ultimate fact," the statement points out.

"However, one cannot help seeing that Leonid Kuchma received active support from those political forces in Ukraine and outside it that come out against the independent Ukrainian state and put obstacles on its road toward strengthening the economy and raising the standard of living of its citizens. They hope that Leonid Kuchma will also rely upon them in his activities as president. This, as well as some of the presidential candidate's statements in the course of the election campaign are disturbing.

"However, we believe that Leonid Kuchma will be true to his own statement to the effect that he is the president of the whole of Ukraine, rather than a part of it, that he will stand up for Ukraine's independence and unity, and will support democratic processes in our society. In the new president, we would like to see a guarantor of sovereignty, territorial integrity, and inviolability of Ukraine's borders."

Rukh Criticizes Kuchma Inaugural Speech, Submits Proposals

LD2107103794 Kiev UNIAR in Ukrainian 2230 20 Jul 94

[Text] Kiev, 20 Jul—In summing up the Ukrainian presidential elections as a whole and particularly in analyzing Leonid Kuchma's inaugural speech, the lesser council of Rukh has made public a statement which in particular notes: "We hoped that certain pre-election statements by Leonid Kuchma and his team, which could be viewed as though they were aimed at restricting Ukraine's sovereignty had been expressed in the heat of the fight for votes. Unfortunately, they were confirmed during the new president's inaugural speech (with regard to the "Eurasian space," Russian as the official language and so on.)

We consider it necessary to submit the following proposals to the newly elected head of state concerning the main areas of activity:

1. To guarantee the inviolability of the basic foundations of the state, envisaged by the declaration on state sovereignty, the act on the declaration of independence and the Constitution; political and economic sovereignty, a national financial and monetary system; the functioning of national borders on the principles of international norms; not belonging to any blocs and the withdrawal of all foreign troops from Ukraine; safeguarding Ukrainian state symbols, and genuinely guaranteeing that Ukrainian is the state language.

2. Initiating the adoption of a Ukrainian constitution as soon as possible and halting legal anarchy in Ukraine;

3. Preserving the status of president as head of state and the executive power throughout the entire period of the presidency;

4. The active intervention by the president as head of the executive power in speeding up economic reforms;

5. Active counteraction against the information intervention by neighboring states, state support for the Ukrainian language and culture, the Ukrainian mass media and Ukrainian publications in southern and eastern Ukraine;

6. A real fight against the mafia and crime and to periodically publicize its results;

We hope that our proposals will be realized in the name of building an independent united Ukraine, peace and accord in society, happiness and prosperity for our people."

The statement was signed by Vyacheslav Chornovil, Rukh's chairman and Ukrainian people's deputy.

Moroz Seeks More Parliamentary Influence on Foreign Policy

LD2007200294 Kiev Radio Ukraine World Service in Ukrainian 1800 GMT 20 Jul 94

[Text] The situation within the power structures is changing. Stands on the principal issues of governing the state are being specified. At present, leaders of structural subdivisions are capable of working in a coordinated and productive manner, said Ukrainian Supreme Council Chairman Oleksandr Moroz at his news conference dedicated to the inauguration of the new president and completion of the formation of the executive power.

In his opinion, a more active parliamentary influence over Ukraine's foreign policy should become one of the factors. He illustrated his words by the fact that in a week's time a Ukrainian parliamentary delegation will leave for Moscow to hold negotiations there, and later it will visit the United States.

According to Oleksandr Moroz, Ukraine should take a stand of neutrality, but it should be one of active neutrality. The world should perceive us not as a white spot on the map, and not as a beggar, but as an equal partner. Ukraine cannot further accept the ruinous conditions set by the developed states in exchange for its right to join the world community, the parliament leader stressed. It is only on this principle that we will be able to compensate for the losses inflicted by the foreign policy [word indistinct].

The chairman of the Ukrainian Supreme Council also said that Ukraine's President Leonid Kuchma, its Supreme Council chairman, and Prime Minister Vitaliy Masol signed a joint statement on joining their efforts and coordinating their actions. [passage omitted]

Views Political Strategy

LD2007231894 Kiev Radio Ukraine World Service in Ukrainian 1900 GMT 20 Jul 94

[Report on news conference by Ukrainian Supreme Council Chairman Oleksandr Moroz by correspondent Oleksiy Havrysh; place and date of news conference not given—Moroz's comments recorded]

[Text] [Havrysh] Oleksandr Moroz gave a news conference dedicated to current issues. He was mainly replying to correspondents questions.

In his preamble Moroz emphasized that the formation of the executive and legislative structures was virtually nearing completion in Ukraine. He also said the process of formation of the judicial power was also nearing completion. Therefore, the situation within the power structures is changing as a whole.

What they are doing now is just specifying stands. One of these specified issues is the stepping up of the Supreme Council's influence on the formation of foreign policy. The Supreme Council chairman himself is an ardent proponent of such a stand.

[Moroz] In any case, I defend this idea. I will defend it in the future because this is a constitutional norm. The participation of the Ukrainian Supreme Council delegations in the sittings of all kinds of world community institutions and their active participation with initiative displayed, gives grounds to hope that such a policy, that such a stand by the Supreme Council will yield results.

[Havrysh] It is worthwhile mentioning that this theme, initiated by the Supreme Council chairman himself, was to the liking of the journalists. To be more precise, it evoked their interest in issues of conducting foreign policy. Almost one-third of all the questions were this way or another related to this very issue.

Here is what Moroz said, for example, about his vision of Ukraine's present-day foreign policy.

[Moroz] As far as foreign policy is concerned we should win positions in the world community by means of stepping up our actions, forwarding initiatives at various international organizations and conducting a policy of active neutrality; especially as there can be no absolute neutrality. We cannot be lagging behind, as far as this issue is concerned.

If we analyze any aspect of international policy, where Ukraine's interests are touched upon, we shall see that these interests, from the point of view of our partners in international politics, are not properly protected. In many cases it is necessary to prove that such interests do exist and that they are dictated by our current domestic conditions.

My participation and the participation of the Supreme Council delegation, what is more, a very representative delegation of the Supreme Council of Ukraine, at the assembly of the Conference on Security and Cooperation in Europe again proved that today Ukraine is a white spot for many countries of the world. We should be constantly saying not only that such a country does exist, but also that its indisputable interests do exist and that it has that influence on the developments in the world for which it pays a dear price, and we would like it to be perceived as a member of the world community, as a partner, for it not to be regarded as a beggar asking for some help.

Over the past few days I have had many meetings with diplomats at various levels and with foreign business circles and I see that it is necessary to return to this theme again and again, because they still perceive us as someone who is begging for help. I would like to say this again; perhaps this must be the essence of our [word indistinct], that we should not play the role of a beggar. We have our own interests, we created a positive, favorable area for the development of the world processes, we suffered losses as a result of this—domestic, economic and so on—that is why we should [words indistinct] receive a guaranteed compensation for these losses.

[Havrysh] Supreme Council Chairman Moroz also shared his thoughts concerning approaches toward drafting a political treaty between Ukraine and Russia.

[Moroz] The work on it has not been completed. The work is still in progress; however, its concept has already been determined in general, as far as I know, although I have not yet ben working on this document.

I only see approaches toward this document. In my opinion, these must have the following content. First, the Foreign Ministry, together with relevant commissions of the Supreme Council and services of the Cabinet of Ministers, should incorporate in this document all those problems in relations between Russia and Ukraine which are to be solved. I am thinking first of economic relations, including such norms as a customs union, a special regime for border regions, mutual settlements through a system of, probably, setting up a joint bank and other nuances. Probably, the preamble of this document should again confirm the principle of inviolability of the states' territories and borders, to remove free interpretations in this connection which can sometimes be heard from some politicians, both those you have mentioned and those you have not mentioned. In any case, I was present at a conference in Vienna and I heard this, and it sounded, you know, rather primitively and wild. This is inadmissible.

Besides, I think that this document should also reflect and identify certain enforceable enactments which deal, for example, with the arrangement of economic management, price formation, to a certain extent. Moreover, those dealing with pensions and so on, because we work in such a legal field where these enactments should be coordinated because the subjects who use or act within this legal field were put under such conditions by all previous life. Such a lack of coordination affects the well-being of specific people.

The first step toward preparing such a treaty will be a visit to Moscow. A practical step should be the arrival by Russian President Yeltsin on an official visit to Ukraine to conclude such a treaty, because over the past years there have been, as a matter of fact, only short-term working visits, but no official visit has been paid.

[Text] [Havrysh] Moroz expressed his attitude toward the Partnership for Peace program. He said this program emerged as an alternative to a desire to accede to NATO as another subject of international community. Moroz was rather sceptical about this initiative, as well as about the West's assistance in removing nuclear missile warheads from Ukraine, including the assistance envisaged by the trilateral agreement. Only $11 million has been spent to date out of a large sum. What is more, this money was used just to cover the expenditures incurred by certain structures in their countries, he said. This money has not even crossed the borders of Ukraine. Therefore, a suspension of nuclear weapons' removal from Ukraine will depend not on ourselves, Moroz emphasized. However, Moroz refused to mention the countries which did not allocate money for this purpose.

A reply by Supreme Council Chairman Moroz to yet another question from a foreign media representative might also testify to the fact that Ukraine's foreign policy has become somewhat more radical.

[Moroz] I have been waiting for a question from a foreign edition, because I knew that the first one would be the question on the nuclear nonproliferation treaty. I met U.S. envoy Miller, today I met U.S. business leaders. All the time they address this issue. I say: Let us talk about what you are supposed to do toward that end.

[Words indistinct] There is a Lugar Fund, which envisages $350 million to implement the program of removing nuclear arms. About $11 million has been used to date in various variants, and they already seem to forget that something should be done. They say: You may not just remove nuclear weapons but must also sign a document that you will not bring nuclear weapons in your country, then do nothing, and then we shall begin to think what to do next. Well, I know how to think then, there is no need to think, everything is clear. [as received]

This is why the question is not just whether to remove or not to remove nuclear weapons, to join or not to join the non-proliferation treaty. Ukraine will join this treaty. But I would like the world community to assume certain obligations. How long will they twist arms to one state and at the same time make some assessments in that connection?

For example, they say: We shall extend economic aid. The G-7 earmarked $4 billion. What is more, this money does not belong to one country, it will be allocated via the World Bank and the International Monetary Fund, but before this we shall lay down the following conditions: first, to accelerate reforms in Ukraine, including liberalization and privatization.

I ask them: Tell me, where can you find an example of privatizing 20 percent of state property over a period of one year?

Liberalization. Where can you find such clever countries which would have 40,000 subjects of foreign economic activities?

We have reformed the banking system, we have been working on the principles of a deficit-free budget and thus ruined our economy—this was one of the reasons—and so on and so forth. Well, please say, beginning what date or what phase of these transformations will they recognize the fact that we are moving toward reforms? What else should be ruined for them to say that we are moving toward reforms, so that this aid would be rendered?

And, one more thing [changes thought]. God forbid, if all of a sudden it happens so that it is taken into account—they write it down—as well as the condition on nonaccession to the nuclear nonproliferation treaty. I would like to ask: Who else do you lay down such conditions to? Do you find Ukraine to be the most aggressive country? Where is the limit to which we must ruin everything for them to recognize us as a country one can do anything with or a country which can already join the world community? I would like to know what Ukraine should look like to join the world community? A beggar? Or a country where they begin to catch one another by the throat because they have been driven to such a state? Or a country that is not worth attention at all, because it is worth nothing in its relations, in defending its interests?

[Havrysh] Ukrainian Supreme Council Chairman Moroz replied to numerous other questions concerning the activities of the parliament, cooperation between the power structures, the adoption of the new Constitution of Ukraine and the progress of privatization. He also informed the journalists about his first, so to say, official conversation with the new president of Ukraine, which took place on 20 July.

We do not have any particular differences on all the issues which were touched upon, pointed out Oleksandr Moroz.

At the end of the news conference he read out a joint statement by the president, the Supreme Council chairman and the premier of Ukraine addressed to the Ukrainian people.

Possible Candidates for Defense Minister Named

LD2107084194 Moscow ITAR-TASS in English 0819 GMT 21 Jul 94

[Report by ITAR-TASS]

[Text] Moscow 21 July (TASS)—The issue of appointing a new Ukrainian defence minister will be raised next week, a presidential secretariat officer told ITAR-TASS on Thursday [21 July].

According to the source who spoke on conditions of anonymity, General Vitaliy Radetskyy, present Ukrainian defence minister, did not display much loyalty when he expressed his opinions about Leonid Kuchma.

According to sources closely connected with presidential secretariat, the following persons are most likely to be nominated for the post: Lieutenant General Vladimir Skidchenko, commander of the Odessa military district; Colonel General Ivan Oliynyk, deputy defence minister; Colonel General Anatoliy Lopata, head of the main staff of Ukrainian Armed Forces; Colonel General Vasiliy Sobkov, commander-in-chief of Ukrainian ground forces.

If it is decided to appoint a civilian to the post, Ukrainian Vice-Premier Valeriy Shmarov may be nominated, the source said.

Speaker Wants 'Immediate' Economic Accord With Moscow

LD2007182894 Moscow ITAR-TASS World Service in Russian 1541 GMT 20 Jul 94

[Report by ITAR-TASS correspondents Viktor Demidenko and Mikhail Melnik]

[Text] Kiev, 20 Jul—Oleksandr Moroz, chairman of the Supreme Soviet of Ukraine, stands for the immediate signing of an economic agreement between Ukraine and Russia. He stated his point of view on this issue at a news conference earlier today.

Moroz says that the work on the document is still in progress, but the concept has already been outlined. First, it concerns customs tariffs, a strict order on border areas and settlement of payments by means of a common bank. He believes the agreement should reflect the territorial and state border integrity principle. Moreover, it is necessary to foresee identification of several enforceable enactments concerning economic management, pricing, and pensions. Moroz said that his visit to Moscow, due on the following week, would be a first step in that direction.

Touching upon the ratification of the nuclear weapons nonproliferation treaty, Moroz said that Ukraine would join that movement. Before that, the world community should give Ukraine both economic and political guaranties.

In this respect, Moroz expressed his doubt with regard to the viability of the Partnership for Peace program. In his opinion, this is nothing else but an alternative way of joining the NATO bloc. He believes that to achieve peace there are ways other than a military bloc membership.

Parliament Chairman on Constitutional Reform

WS2107100094 Kiev HOLOS UKRAYINY in Ukrainian 16 Jul 94 pp 1, 2

[Interview with Ukrainian Supreme Council Chairman Oleksandr Moroz by Serhiy Pravdenko; place and date not given: "The Principles for New Constitution"]

[Text] [Pravdenko] Oleksandr Oleksandrovych, how do you now assess the principles of the sovereign, law-governed, and nonnuclear state, proclaimed in the Declaration of Independence? Will Ukraine remain within the boundaries of these principles?

[Moroz] I remember very well the period when this declaration was being drafted and the day of 16 July. I believe that the festive atmosphere on that day was not artificial, and that it did not mark a victory of any political force over another. This was the will of the entire Supreme Council, which reflected the feeling of society and the desire to resolve problems facing our country. As a member of the Commission for Issues of Agricultural Industry, I had been engaged in the work on drafting provisions of the declaration, and I had proposed serious amendments, which were later adopted.

In the declaration, we set out the guidelines for Ukraine's state system. The most important thing is that these guidelines are democratic. They reflect a democratic state system and recognize the people's right to the basic riches: land, forests, water, and natural resources. There is a spirit of respect for culture and history in the declaration. Thus, the declaration is a source of our statehood, and I am surprised that certain people have begun to forget the following fact: The declaration was adopted, and it is the foundation for our future constitution. The first version of the draft constitution included the provisions of the declaration, but the authors of the subsequent edition were apparently ashamed to mention these principles.

Besides, the attitude toward the declaration confirms (or not) the consistency of our domestic policy. On the other hand, the Declaration is the core of our democracy.

Obviously, one can swerve away from side issues, but the principles must be preserved! Therefore, I believe that, while drafting the constitution, we should follow the guidelines reflected in the declaration. It provides, for example, for the people's exclusive right to their own land. Why are we ignoring this right? Yes, it can be implemented differently. Still, this exclusiveness should be ensured.

[Pravdenko] Perhaps someone wants to forget that it was Ukrainian land that was desired by foreign lords in olden times, and by carriers of "the new order" in the 20th century, as well as that our ancient and recent forefathers would stand up for their land....

[Moroz] Many people simply do not think of the future, and Ukrainian land is an invaluable bounty. He who is master of the Ukrainian land, will be respected by the world. In 15 or 20 years, the land problem will be exacerbated. Ukraine and its people should be the masters of their land. The anniversary of adopting the declaration is a shining day for me. It should not be razed from our history; it is a holiday of our society's consolidation. It is a moment of our reconciliation.

[Pravdenko] Your following statement has become known: He who does not regret the collapse of the Soviet Union, has no heart, and he who believes the Soviet Union can now be restored, moreover, through a vote in some conference room, has no brains...

[Moroz] Why did I put it that way? I relate myself to the mature generation. We, and people older than us, were raised in traditions, according to which the fatherland meant the USSR. This corresponded to feelings of many people. But, the USSR no longer exists, nor does its power. Still, when I hear the word fatherland, I associate it with a great country. It comes as no surprise to me, since I was raised in this way, as were so many millions of people. If one now repeats that it was an empire, or even an evil empire, many people oppose that. He who emphasizes these issues either does not know history, or distorts it, or encroaches on the human right to one's own dignity and understanding of history. This brings in an evil to society. The second part of this statement is simply the current reality. Many states have been established within the borders of the former Soviet Union. All these states should preserve their sovereignty. Yet, relations among them should be good, brotherly, because only in this way we will be able to help one another. We were a single family for many years, and our common history must be conducive to the development of good-neighborly relations. Still, when people say that the old Soviet Union can now be restored in the form it was before the Belovezha agreement...

[Pravdenko] Perhaps a certain part of society believes that oil, gas, and some other things will be cheaper then.

[Moroz] Oil is expensive for us, because we do not have revenues that would make it cheap. We have taken a step toward world prices. There will be no other prices. In this situation, one must simply protect the interests of our state, and not dream about cheap goods. The independence of a state must protect the independence and rights of every single man. One must find a model for harmonious coexistence of neighboring countries. It should be reflected in our legislation and ensured by our economic system and those of our neighbors.

[Pravdenko] There are currently people in Ukraine who do not treat independence seriously. There are also people who, taking advantage of the period of state building, are robbing the state and their fellow citizens. Do you not think that state officials and people's deputies of all levels should take an oath of allegiance to their state and people, and that this should be done not only by the president?

[Moroz] One must pledge allegiance to the people. Yet, this is a formal symbol. How many perjurers are there in our country! There are formal issues, and there are ethical ones. When they accompany each other, it is beautiful. I believe that a Supreme Council deputy should take such an oath. For instance, Supreme Council deputies should take an oath at the first Supreme Council session of the next convocation. By then, I believe, the situation in the country will have changed; the force and norms of democracy will have been confirmed. On the other hand, a deputies' election itself is his oath before the people. He has been meeting with his voters, has promised them something, and this is his oath. What is the role of a deputy in a village or rayon? It is his duty, work, and only then an honorable office. Therefore, I believe that if someone agrees to perform this mission, this alone is a positive thing. One must not, however, rule out the need to take an oath. For example, Supreme Council deputies would take an oath of allegiance to the people before the chairman of the Constitutional or Supreme Court, and local deputies—before local court chairmen.

[Pravdenko] In the Declaration of Independence, Ukraine announces its intention to become a law-governed state. In this regard, do you not think that certain provisions of the current legislation have already become outdated? The cases of Hrynyov and Kudyukin, which were probed by the Supreme Council, may serve as an example. Let the Central Electoral Commission and the Supreme Court deal with them and similar cases. In general, powers of all Ukrainian people's deputies and the entire Supreme Council should be confirmed by the Supreme Court, not by the Supreme Council itself.

[Moroz] Or by the Constitutional Court. I agree with this principle. However, while dividing powers and ensuring this division in the top echelons, we did not establish the Constitutional Court. We will definitely do that in the near future. Supreme Council commissions have already been entrusted with this task. I believe that appropriate steps will also be taken by the new president. All in all, a great deal of legislative work must be done before a new constitution is adopted. There is one thing clear in this issue: The Supreme Council should not confirm the powers of people's deputies, because there is always a politically implied meaning in the session room. Or people want to see such a meaning.

Returning to this concrete case, it could no longer "hang" in the air. It has several times been put to a vote. A proposal to recognize the deputies' powers has not been upheld. Another proposal has been approved: To announce the elections in these constituencies invalid. Deputies had all the grounds and arguments to do so.

[Pravdenko] Authority is an indispensable thing. It is not, however, always ethical. How to maintain a parity between the need for power and its ethics?

[Moroz] This is a philosophical question. I believe that one should proceed from the source of authority. The people are the source of authority. If the people entrust their powers to a certain body of authority, this body should proceed from the interests of the people and the state. The interests of the people are first and foremost, and not some faceless ones, but the interests of every single man. If authorities, through their legislation, executive structures, i.e. through specific actions, satisfy the interests of a man, then a man acts ethically, and there are no contradictions between authorities and the people. It is obvious that there will be no absolute harmony, since there are as many interests as people. Authorities, however, must strive to express the will of not a part but all of society, all the people, and every man. I do not see any other way.

[Pravdenko] Thank you for the interview.

Crimean Leaders Ignore Presidential Edict From Kiev

AU2007141594 Kiev URYADOVYY KURYER in Ukrainian 16 Jul 94 p 5

[Report by Oleksandr Bittner: "God Does Not Help Sinners"]

[Text] As is known, in May 1994, the Ministry of Internal Affairs of the Crimean Republic was reorganized, by a Ukrainian presidential edict, into the Crimean Main Administration for Internal Affairs within Ukraine's Ministry of Internal Affairs. However, certain political leaders of the autonomous republic are obviously ignoring this legal act and failing to fulfill it.

Chairman of the Crimean parliament S. Tsekov, at a meeting with officials of internal affairs bodies, called upon them "not to accept jobs at the Main Administration created by Kiev...." "The Crimean supreme council," he stated, "will do everything in order to maintain the Crimean ministry of internal affairs and to ensure its financing." Asked at what expense, Tsekov replied that it will be through raising taxes and with the help of other methods, including cancelling state subsidies for bread. On which we congratulate residents of the peninsula and Tsekov's voters in particular.

The Main Center for Public Relations at Ukraine's Ministry of Internal Affairs stated that such actions were nothing other than drawing the militia further into political intrigues. Is this not a shady enterprise to resort to such measures, while the Crimea continues to depend upon Ukraine's budget and consumes 90 percent more than it produces?

Meanwhile, on 16 June, retired Army General Kuznetsov, who had been illegally appointed as Crimean minister of internal affairs, urgently summoned the leading personnel of the Main Administration for Internal Affairs to his office. By that time, there had already assembled clergymen, church choir members, and video operators. Kuznetsov said that he was going to consecrate the building of the Main Administration for Internal Affairs. Chief of Staff of the Administration V. Smirnov and Chief of Administration for the Protection of Public Order V. Seredenko categorically refused to take part in the show and were the first to leave the office. They were followed by other leading officials. A few minutes later, Kuznetsov again tried to assemble the leading personnel in order to convince the officers of the need to consecrate the building, but the action did not get support from the Main Administration's personnel. Perhaps Kuznetsov believed that consecration would legitimize his nonexistent post. Thus, despite the fact that the Main Administration for Internal Affairs headed by Major General of the Militia V. Chernyshov functions in the autonomous republic, fulfills its duties in combating crime, and enjoys the support of the majority in the Crimean militia, V. Kuznetsov continues his senseless struggle for the nonexistent post of minister and, by his actions, is trying to split the internal affairs bodies.

Meanwhile, the crime-breeding situation on the peninsula remains tense. Crime, mainly serious, is on the rise, and the percentage of solved cases is decreasing. The statement by the Main Center for Public Relations at Ukraine's Ministry of Internal Affairs is pinning its hopes on the negotiating process with regard to the Crimea and expresses confidence that the president and the supreme council of the Crimean Republic will show political wisdom and foresight and will resolve artificially created problems around the internal affairs bodies. Unfortunately, it is difficult, for the time being, to share this confidence.

Crimean Parliament Holds Closed Sitting

LD2007130294 Kiev UNIAN in Ukrainian 1105 GMT 20 Jul 94

[Text] Simferopol—On 20 July the Supreme Council of Crimea is again meeting, as it did on 13 July, behind closed doors. However, if on the previous occasion deputies did not want their voters to know how much they earned, the benefits when receiving their service flats, the installation of telephones, or about a special clinic where parliamentarians are going to be treated, then today they are discussing the issue of regulating the payment of land by military units of Ukraine and Russia.

It is not yet known whether Yuriy Meshkov, the president of the Republic of Crimea, will turn up at the sitting of the session. For the second month deputies are not able to resolve the issue of the government's structure without him. This and also the issue of targeted subsidies to the less well-off in connection with the increases in bread prices were again included on the agenda. It is known only that Yuriy Meshkov is in Simferopol and that he is about to address Crimean TV viewers.

According to some reports, the president of Crimea intends to fly to Moscow on 21 July.

Communist Faction Criticizes Privatization Course

AU2107084994 Kiev HOLOS UKRAYINY in Ukrainian 19 Jul 94 p 2

["Statement by the Faction 'Communists of Ukraine for Social Justice and the Power of the People' in Connection With the Discussion of the Course of Privatization by Ukraine's Supreme Council"; place and date not given]

[Text] Having proclaimed the course toward "privatization by the people" as an integral part of market reforms, the former president and his associates totally abandoned the proclaimed goals and resorted to uncontrolled redivision of people's property for the benefit of a group of money-bags.

As a matter of fact, the working people are being blatantly swindled. The property of the nation that was created by the labor of many generations begins to be used to the detriment of the interests of the people and the nation. The practice of underestimating the cost of state property subject to privatization is extensively used, the rights of labor collectives are infringed upon, and documents for privatized property are issued through figureheads. Enterprises providing communal services for the population and state commercial enterprises have been virtually annihilated. Their reprofiling has considerably reduced the volume of services for the population.

All of this undermines the economic foundations of statehood, ruins the population's faith in its leadership, and exacerbates the already sufficiently strained social atmosphere.

The faction "Communists of Ukraine for Social Justice and the Power of the People" proposed a draft decree on checking the course of privatization and its conformity to the previously adopted laws. It was proposed that, in order to conduct such an inspection at a proper level, the work of the privatization bodies throughout the country should be temporarily suspended without halting the activity of labor collectives in issuing privatization documents.

Unfortunately, under the pressure of certain forces, Ukraine's Supreme Council has postponed the consideration of this issue until 30 July. This means that violations in the privatization process will continue. A situation has taken shape in which those people who violate Ukraine's law will have a chance to evade responsibility for squandering the general national wealth.

The faction "Communists of Ukraine for Social Justice and the Power of the People" states that such a position is at variance with the interests of Ukraine's people, is of benefit to nouveaux riches, does not contribute to overcoming the crisis in the country's economy, and does not halt further impoverishment of the working people.

$66.7 Million Invested in Economy in First Quarter of 1994

AU2007114694 Kiev MOLOD UKRAYINY in Ukrainian 19 Jul 94 p 1

[Unattributed report published under the rubric "Fact"]

[Text] According to the data of Ukraine's Ministry of Statistics, over the first quarter of the current year, $66.7 million was invested in our state's economy. Among the Western countries, Canada and also Germany and the United States lead in this process. Among the CIS countries, the first place, certainly, belongs to Russia.

Fixed Currency Rate To Remain in Place

LD2107102794 Moscow Russian Television Network in Russian 0400 GMT 21 Jul 94

[Text] The fixed rate for the Ukrainian karbovanets against foreign currency will not be dropped before 1 January 1995. The National Bank of Ukraine said that it and the government and the relevant commissions in the Supreme Council are working on a document relating to this.

Prospects for Chernobyl Nuclear Plant, New Reactors Viewed

WS2007120994 Kiev URYADOVYY KURYER in Ukrainian 16 Jul 94 p 3

[Report by Viktoriya Vlasenko: "Does the Chernobyl Nuclear Power Plant Have a Future?"]

[Text] It is no surprise that even eight years after the terrible accident at the Chernobyl nuclear power plant [AES], this site continues to draw the attention of Western states. This is explained not only by the potentially global nature of this disaster which is, to our regret, has been symbolized by the Chernobyl AES. When the people have personally witnessed the aggressiveness of the "peaceful" atom, when the problem of nuclear power engineering has acquired an economic nature (nuclear energy costs are, however, 1.5 times as high as that of thermal energy), it is currently difficult to lead the administration and people of any state to believe in the need to develop nuclear power engineering until the vital, everyday problems triggered by the nuclear disaster—the demand to ensure a higher level of nuclear safety and a future for the AES—are resolved. Therefore, the leaders of the developed Western capitalist states are endeavoring to help Ukraine stop operating two PBMK 1000-type reactors at the Chernobyl AES.

The visit of French Environment Minister Michel Barnier should be considered from this viewpoint. The aim of his visit was, as was stressed at the news conference, to personally inspect the Chernobyl AES, meet with its leadership and personnel, and explain the significance of the Western states's aspirations—which, according to him, are not a political dictate—to shut down Chernobyl. (By the way, France and Germany were the initiators of this project.)

We know that some $200 million were earmarked for this purpose at the G-7 meeting. Experts, however, believe that, first of all, the halt of the plant's operation does not eventually resolve the safety issues because after two PBMK 1000-type blocks are stopped (sometimes they are called Chernobyl-type reactors) there will still be similar reactors being operated at three nuclear power stations in Russia and Lithuania. Second, the sarcophagus problem will not disappear with the stoppage of two reactors. The sarcophagus will have to be renovated or even rebuilt. On the other hand, a serious question arises as to the people servicing the AES who will have to be employed elsewhere after the closure of Chernobyl.

During the meeting, Barnier and Ukrainian Minister for Environmental Protection Yuriy Kostenko discussed the best alternatives for closing down the Chernobyl AES. As for the Western states, they urge the operating of compensatory reactors: Blocks at the Rovno, Khmelnitsk, and Zaporozhie AES—the construction of which has not been completed—will be put into operation with the help of Western funds, and this will allow us to close down the Chernobyl AES. If, however, this condition is met, the rest of the issues are still left unresolved. Umanets, head of the State Committee for Nuclear Power Engineering, in his turn, suggests building a new two-block nuclear power plant near Slavutich. Hence, the building of a new nuclear plant is currently connected not only with economic, political, and environmental aspects, it is also of psychological importance and is not, consequently, the best way to resolve the issue.

There is another viewpoint which allows us to kill two birds with one stone: Resolving the aforementioned Chernobyl problems and gaining profits. Though it seems paradoxical, the Chernobyl zone can be used as a source for attracting funds to the state budget. Barnier, for example, urges the creation of an international center for liquidation of nuclear disasters, where nuclear researchers from various states could work and study. They will be able to conduct research and study the Chernobyl area. Each state operating a nuclear power plant needs such practical knowledge. By the way, our Chernobyl AES experts could use their expertise at this center as well.

If we sum up all that has been said, it is possible to come to the conclusion that, in general, Ukraine received a timely opportunity to at least partially resolve the Chernobyl problems. Therefore, the key and single prerequisite for this is accord in choosing a path for achieving the desired aim.

Belarus

Chigir Endorsed as Prime Minister by Parliament

LD2107113594 Moscow ITAR-TASS World Service in Russian 1050 GMT 21 Jul 94

[Report by BELINFORM correspondent—TASS]

[Text] Minsk, 21 July—The 46-year old financier, Mikhail Chigir, was endorsed today as Belarussian prime minister at a special session of the Belarussian parliament. He received an overwhelming majority of the votes. A total of 266 deputies voted for the new head of government, proposed by President Alyaksandr Lukashenka, and only three against.

Until his appointment to the post of prime Minister, M. Chigir was chairman of the board of a Belarussian agro-industrial bank, which operates as a commercial, joint stock company.

Lukashenka Inaugurated President

WS2007104794 Minsk Radio Minsk Network in Belarusian 1000 GMT 20 Jul 94

[Excerpts] The oath of loyalty has been taken by Alyaksandr Lukashenka, the first Belarusian president, and has become the key event in our Republic today. An emergency 15th session of the 12th convocation of the Belarusian Supreme Soviet, devoted entirely to this occasion, was opened at the House of Government in Minsk this morning. [passage omitted]

Following the swearing in and speeches of well wishes from foreign dignitaries, Belarusian President Alyaksandr Lukashenka is now meeting with his guests. The deputies will resume their work tomorrow.

Lukashanka Proposes Premier to Parliament

LD2007114594 Moscow Radio Rossii Network in Russian 1100 GMT 20 Jul 94

[Text] According to an INTERFAX report, Belarusian president Alyaksandr Lukashenka has submitted to parliament his official proposals for the make-up of the Cabinet of Ministers. Mikhail Chigir has been nominated for the post of prime minister.

Mikhail Chigir was born in the village of Usovo, in Minsk Oblasts's Kopylskiy rayon. He is 46, he graduated in economics from the Minsk Institute of the Economy and in international economy from the Moscow Finance Institute. In 1975-91 Mikhail Chigir worked in banks and held party posts. Since 1991 he has been the chairman of the Belagroprombank.

Lukashenka's nominees for the posts of vice-prime ministers are Uladzimir Gorkun, chairman of the parliamentary commission for agrarian issues; and Viktar Gonchar, who has up to now been a deputy chairman of a town soviet in one of the rayons of Belarus. The posts of vice-prime ministers have also been offered to two members of Vyachaslaw Kebich's cabinet, namely to Mikhail Myasnikovich and to Syargey Ling.

Names Prospective 'Power' Ministers

LD2007141194 Moscow ITAR-TASS World Service in Russian 1312 GMT 20 Jul 94

[Report by BELINFORM correspondent for TASS]

[Text] Minsk, 20 Jul—Alyaksandr Lukashenka, the first president of Belorussia [Belarus], would like to see 46-year-old financier, Mikhail Chigir, in the post of new prime minister. He submitted this nomination today for discussion by the commissions of parliament. Mikhail Chigir at present heads the board of the Agroprombank of Belarus.

Four candidates for deputy prime minister have been nominated. Mikhail Myasnikovich occupied the post of first deputy premier in Vyachaslaw Kebich's government, while Syargey Ling was deputy prime minister and minister of the economy in the same government. The two other nominees are newcomers, both people's deputies: Uladzimir Garkun heads the agrarian commission of the Supreme Soviet, while Viktar Ganchar, one of Alyaksandr Lukashenka's active aides during his election campaign, at present works as deputy mayor of the small town of Molodechno not far from Minsk.

It has also become clear who is to head the power structures. Uladzimir Yagoraw, a former minister of internal affairs, who was dismissed by parliament in January this year for his participation in the so-called Lithuanian communists affair, is being nominated for the post of chairman of the Committee for State Security. Alyaksandr Lukashenka wants to see Anatol Kastsenka, former commander of the Belorussian Military District, as minister of defense. Meanwhile, the post of minister of internal affairs is being offered to Yury Zakharenka, present chief of the investigation committee of this department. The president proposes that Stsyapan Yanchuk remains minister of finance.

The post of minister of foreign affairs is being offered to Uladzimir Syanko, a professional diplomat who is at present Belorussia's ambassador in Britain.

All these nominations have to be voted on in the Supreme Soviet because, according to the Belorussian Constitution the head of government, his deputies, the power ministries and also the heads of the foreign policy and financial departments are nominated by the president but approved by parliament.

Lukashenka Accepts Government's Resignation

LD2107100894 Moscow Radio Rossii Network in Russian 0900 GMT 21 Jul 94

[Text] INTERFAX reports that the President of Belorussia [Belarus] Alyaksandr Lukashenka accepted today the resignation of the Cabinet of Ministers led by

Vyachaslaw Kebich. The plan is for a new republican government to be formed today, the presidium of which will be approved by parliament. It became known yesterday that Lukashenka had proposed Mikhail Chygir for the post of head of the new government.

Lukashenka To Sign Political Treaty With Russia

LD2007152194 Moscow INTERFAX in English 1420 GMT 20 Jul 94

[Text] The visit of the first Belarussian [Belarusian] president, Alyaksandr Lukashenka, to Moscow has been scheduled for 2 August. After his negotiations with Lukashenka Russia's Vice Premier Aleksandr Shokhin declared to journalists Wednesday in Minsk that "in the course of this visit the negotiations on economic integration will advance." He recognized that today many Belarussian-Russian agreements, including the April agreement on unification of Belarus' and Russia's monetary systems, never get beyond the paper they are written on.

In Shokhin's words, "the parties will develop and sign an expansive political treaty between the two countries before the end of 1994." At the same time he did not give any details of what this document was to look like.

For his part, Belarussian President Alyaksandr Lukashenka pointed out that "there are many protocols in the negotiation process between Minsk and Moscow, it's high time to make concrete moves." He rejected assertions by several Belarussian politicians to the effect that Shokhin "puts up roadblocks to the negotiation process" on economic integration. Lukashenka reports that during their negotiations the Russian vice premier reassured Lukashenka that "there will be no retreats from the course aimed at an economic union with Belarus."

Bank Chief on Monetary Union With Russia

MM2107090394 Moscow ROSSIYSKAYA GAZETA in Russian 16 Jul 94 First Edition p 6

[Interview with Stanislav Bogdankevich, chairman of National Bank of Belarus, by Igor Filipenko under the "At First Hand" rubric; place and date not given: "I Favor Integration, but..."—from SOVETSKAYA BELORUSSIYA "Newspaper Within a Newspaper" section]

[Text] [Filipenko] Stanislav Antonovich, let's talk about the unification of the monetary systems of Russia and Belarus. You have already expressed your position on this quite clearly....

[Bogdankevich] I am considered an opponent of unification. This is not so. Bogdankevich has stood, now stands, and will stand for close integration with Russia. There is no other approach. I cannot conceive how our industrial giants will work without the raw materials market and the sales market in Ukraine and Russia. It is an illusion that we will be able to live at the expense of another people.

[Filipenko] You favor integration, but, at the same time, there is a line which you will never agree to cross....

[Bogdankevich] I will never agree to placing the National Bank's assets at the disposal of another state. When we were sitting in Chernomyrdin's office, Shokhin said: If this is how you raise the question, we are prepared, by way of an exception, to leave the building itself in Belarusian ownership. Do we need such a sop? All of this has no bearing on an economic union. Integration means an exchange of the products of labor, free movement of capital, and the abandonment of customs. I vote for this with both hands—all this is useful.

[Filipenko] Nevertheless, there is a unification scheme proposed by Russia. It should be discussed.

[Bogdankevich] With what do I disagree? I can take it point by point. First, transferring the National Bank's assets and liabilities to Russia's ownership. Second, the most important elements of economic policy (taxes, the budget, credits) being determined by a foreign state, albeit one friendly toward us. Third, I am opposed to there being a single budget, for there is not a single parliament. Who will approve such a budget? There are no representatives of Belarus in the Russian Duma. Finally, I do not want our monetary capital to be converted at a rate unfavorable to the Belarusian economy, the so-called cross rate.

Yesterday this was seven to one, today it is already eight to one. Our banks will instantly become pygmy-size and will be unable to give credit to our own industrial and agrarian sector, and the money supply will fall. This is economically and politically disadvantageous in all senses. I do not think it will be a tragedy if there is not a single currency. The world has different currencies and experiences no problems. It is commodities that are exchanged, not bank notes.

There is also the model of a payment union. This is preferable. To fix the rate of the Belorussian [Belarusian] ruble against the Russian ruble and to support it. Austria and Germany have a fixed rate for the schilling and the mark. These countries essentially have unified prices. But it is hard to convince the people. Everyone believes that the unification of the monetary systems will bring him relief.

[Filipenko] Will any gain be palpable, in fact, at the domestic level?

[Bogdankevich] At first sight, it will be. But this is essentially a loss for every citizen. For in reality his income will fall. Our output is only competitive because for every ruble earned by the producer on the Russian market we credit him with 10 Belorussian rubles. But if we start crediting one ruble for one ruble, the producer will be forced to reduce wages several times over. This signifies a collapse for the economy.

[Filipenko] Stanislav Antonovich, let's simply explain to people: Will there nonetheless be an exchange of "hares" [popular term for belarusian monetary unit] for Russian rubles, when, where, and at what rate? Precisely this is of concern to many people.

[Bogdankevich] While I hold this post, there will be no unification of monetary systems according to the scheme proposed by Moscow. Consequently, the question of an exchange vanishes of its own accord. If someone else takes my place, anything could happen. If we acknowledge our entire helplessness, then we really must join with another state. Let them help us to get on in life, albeit painfully and with difficulty.

[Filipenko] They will help us, you know, for inflation in Russia is, after all, four times less than ours....

[Bogdankevich] I'm not talking about this. My whole experience indicates that we are capable of reaching agreement with Russia on an equitable basis. Not fawning upon it. There has already been a draft agreement on a payment union, in which Russia pledged to support a fixed rate, but it was all left aside. The illusion that unification based on the Russian ruble would give us something more triumphed.

Moldova

Monthly Inflation Rate Stabilizes at 2.5 Percent

AU2107073194 Chisinau BASAPRESS in English 2120 GMT 15 Jul 94

[Text] Chisinau BASAPRESS, 15/7/1994—Data gathered by the State Department for Statistics reveals a price increase in July for 10 of 24 food products under statistical observation and a decrease for the other 14. The prices for flour, various kinds of cheese, eggs and sugar increased respectively by 31, 20, 18 and 12 percent. At the same time the price for dairy products increased 2.3 times, and for bakery products 1.8 times. On the other hand, the price for beef fell 12.3 percent and pork 4.4 percent. Also 11.6 and 6.6-percent decrease in the price for butter and vegetable oil occurred. Last month the prices for foodstuffs increased by 7.3 percent and for industrial goods by 4.7 percent. According to the method elaborated by the Department for Statistics, the inflation rate in July stood at 2.5 percent Experts consider that, due to the reduction in excise taxes on the gas utilized at the foodstuffs and goods producing enterprises, the inflation rate will stay the same.

Obsolete Machinery Affects Processing Industry

AU2107085194 Chisinau BASAPRESS in English 2120 GMT 15 Jul 94

[Text] Chisinau BASAPRESS, 15/7/1994—"To use researches effectively in the agricultural sector the enterprises should sell the assets which are not in use," stated to BASA Victor Moroz, director of the Institute of Economic Research of the Agro-Industrial Complex. According to the institute's estimate, the deterioration of the machinery has affected the processing industry. Thus, deterioration and obsolescence of machinery in the food industry affects 40 percent of all equipment. The machinery of the sugar refineries has broken down, 80 percent of the machinery of the oil industry enterprises is obsolete. Sources from the agriculture and food industry told BASA that in May 1994 taxes on real estate was applied to stimulate enterprises to sell their equipment surplus.

Kazakhstan

Cabinet of Ministers Discusses Economic Situation

LD2007223794 Moscow ITAR-TASS World Service in Russian 1255 GMT 20 Jul 94

[Report by ITAR-TASS correspondent Fedor Ignatov]

[Text] Almaty, 20 Jul—Compared with the first quarter of this year, there was no improvement in Kazakhstan's economy in April-June. A decline in production continued, inflation went up, and living standards of the largest part of the population went down. The participants in the sitting of the Republic's Cabinet of Ministers arrived at this uncomforting conclusion today.

Owing to insolvency of consumers, the situation regarding supplies and machinery for factories became more difficult. Sales of finished products fell. As of 1 July, 730 enterprises were standing idle, partly or entirely, among them 106 enterprises with a staff of 55,200 people were not working at all. In addition, 163 enterprises and organizations were working part-time. As a result, the gross domestic product in January-June this year, compared with the same period in 1993, was reduced by almost 27 percent and the volume of industrial production—by 29.4 percent. There was nothing like this in the last two years.

As borne out by the facts, the financial situation in the state and at enterprises continues to deteriorate. By the beginning of July the number of unprofitable enterprises had amounted to 1,351. The amount of their losses exceeded 3.98 billion tenges. Overdue payments by enterprises to the state budget amounted to 435.8 million tenges on 1 June and debts to banks—to about 5 billion tenges.

The monetary and credit policy, aimed at reducing the level of inflation and stabilizing the exchange rate, did not produce the expected results. The tenge exchange rate against the U.S. dollar and Russian ruble fell considerably.

In the conditions of decline in industry the problem of providing employment for the citizens became more difficult. The number of the unemployed had reached 52,200 people by the beginning of July, among whom 21,800 people are on unemployment benefit.

According to preliminary data, an average salary in the national economy in January-May was 605 tenges. The highest salary remains in credit and state insurance organizations (2,118 tenges in May this year), this is by 35 percent higher than in transport. Workers in the spheres of national health, culture, and social protection have the lowest salary.

The republic is notably behind many CIS countries as regards the level of the incomes of the population. As of 1 April, an average monthly salary in Kazakhstan amounted to U.S. $23.8; Uzbekistan—to 39.6; Turkmenia—to 57.7; and in Russia—to $94.

There is a clear tendency towards falling financial level of the majority of the population. Since the beginning of the price-making reform—that is January 1992—consumer prices had increased more than 2,200 times over by May 1994. At the same time the monetary incomes of the population increased only 217 times over during the same period.

It is unlikely that the promise by the republic's leaders that 1994 would be the last year of crisis in the economy and impoverishment of the people will come true. At least the speeches of the participants in the sitting did not contain any optimistic signs or, which is most important, any concrete proposals to normalize the situation.

Notes Worsening Economy

LD2007154194 Almaty Kazakh Radio Network in Kazakh 1400 GMT 20 Jul 94

[Text] A meeting of the Cabinet of Ministers was held today chaired by Kazakh Prime Minister Sergey Tereshchenko. Also attending it were leaders of ministries and departments and heads of regional and city administration. Under discussion was the socioeconomic development of the Republic during the first half of 1994. The first Deputy Prime Minister Akezhan Kazhegeldin presented a report on this. The report says that the situation in the republican economy in April-June has not improved compared to the first quarter of the current year: The decline in production continued, inflation has increased, the standard of living of the greater part of the population has lowered, which could be explained partly by the fact that the payment crisis hasn't yet been solved. It paralyzed almost all the branches of industry. The process of dismantling state ownership has been invigorated; privatizing of major and medium scale enterprises is under way. The financial situation of the state and enterprises is deteriorating. The number of loss-making enterprises at the beginning of July came to a figure of 1,351. Monetary and credit policy aimed at slowing inflation and stabilizing the exchange rate hasn't brought the expected results in the first half of the year. The exchange rate of the tenge compared to the dollar and the Russian ruble has fallen considerably. Under conditions of falling production, the problem of citizens employment is becoming more serious. The average monthly wage in the national economy in January-May, according to preliminary estimates, came to a figure of 605 tenge. The standards of living of the majority of the population are falling. Prime Minister Tereshchenko summed up the results of the discussion. His report and the decision, which has been taken by the Cabinet of Minister's set the goal before heads of regional, Almaty, and Leninsk administrations and leaders of state and national companies to work actively in accordance with Nazarbayev's message to the Supreme Soviet, the government program aimed at lifting the country's economy out of crisis. The meeting also considered the harvesting campaign in 1994 and implementing the government decision on the preparation of enterprises for autumn-winter period of 1994-95, the note of the chief control inspectorate, under the President, on examining the implementation of presidential, and the Cabinet of Minister's acts by the chief directorate for hydrometereology.

Cabinet Report Notes Grain Production To Fall Sharply

LD2007172394 Moscow INTERFAX in English 1706 GMT 20 Jul 94

[Text] This year Kazakhstan which is the only grain exporter in the CIS will cut down grain production to 17-19 Mn tonnes compared to 23 Mn in 1993 and 30 Mn in 1992. The figures were reported at a Wednesday session of the Kazakh cabinet.

Vice-Premier Sergey Kulagin told Interfax that grain harvesting was the key item on the agenda of the session. Due to financial difficulties the government decided to reduce its grain purchases from 7 to 5 Mn tonnes.

Kulagin said that Kazakhstan needs 28 Bn tenge ($1=44.7 tenge) for harvesting, but the parliament left only 8 Bn in the budget, 1.7 Bn of which has been used.

He said the head of the national bank Daulet Sembaev told the session his bank is unable to meet the needs of harvesting and can only offer monthly credits of 2 to 2.5 million to the government for the purpose.

Kulagin also said that immediately after the session Prime Minister Sergey Tereshchenko departed for Moscow to negotiate with the leaders of Russia and several companies supplies of fuel and lubricants for the time of harvesting. At the moment the country needs 600,000 tons of gasoline and 1.1 Mn tonnes of diesel fuel which it would want to get in exchange for Kazakh grain, metal and some other resources. Kulagin said Kazakhstan hopes to get part of the money in the form of Russian government credits, the rest in the form of direct barter deals.

Besides, Kulagin said that the government allowed the heads of local administrations to agree with Russian territories on supplies of oil products in exchange for the grain of the coming harvest.

No Agreement on Oil Exports Between Moscow, Almaty

LD2007152494 Moscow INTERFAX in English 1310 GMT 20 Jul 94

[Text] Moscow and Almaty have still not reached an agreement on Kazakh oil exports through Russia.

A source close to the Kazakh Government told the Petroleum Information Agency that Moscow wants Kazakhstan to make concessions on the Tengiz-Chevron project and the Caspian Pipeline Consortium.

Kazakhstan exported 287.5 Mn tons of oil through Russia during the first quarter, which was 75% of first quarter 1993 exports. Bulat Yelemanov, head of the state-run company Munaigaz, said that in May Kazakh oil exports were almost nonexistent for the first time.

Kazakhstan produces nearly 17 Mn tons of oil a year, but has no direct access to export pipelines or seaports and is forced to export through Russia. Kazakh sources said that Russia has guaranteed the transit of just 1 million tons in 1994, while bilateral agreements stipulate that Russia will pump 3 million tons of Kazakh crude for export.

Russia has proposed that some part of the oil be delivered to the Astrakhan gas works, but Kazakhstan has not officially replied, the sources said.

Bankers Discuss Economic Stabilization

LD2007124894 Almaty KAZTAG in Russian 1200 GMT 20 Jul 94

[Text] [No dateline as received]—Stabilization of the economy is the main objective of banks.

Possibilities of banks' effective influence on stabilization of the economy were examined at a republican conference of the heads of banks, researchers in finance, representatives of ministries and departments, and members of the Supreme Kenges. Daulet Sembayev, the chairman of the board of the National Bank spoke at the conference.

As has been noted at the conference, the Republic's financial and banking system consistently carries out the financial, crediting, hard currency, and monetary policy aimed at lifting the economy out of the crisis, curbing and decreasing the rate of inflation. The legal and normative basis, which regulates relations between the banking services and their clients, is being improved.

Nevertheless, the methods used by this system at work, owing to its yet insufficient efficiency, do not always reach the set out targets. This brakes implementation of the reform. The securities and hard currency markets still remain underdeveloped in the Republic as before. Control over hard currency transactions and over the work of commercial banks is evidently not up to the mark in the Republic. The payments system as a whole does not yet meet international standards.

The participants suggested that a set of measures, aimed at the national bank reform so as the latter would acquire relevant features in view of the market economy, should be taken. They found it necessary to carry out a tough financial and crediting policy in order to create conditions favorable for the hard national currency formation and convertibility of foreign transaction accounts. The practice of selling centralized credits and treasury bills at auction should be expanded. These loans should be granted only on the basis of receipts showing that the loans were used as targeted.

While analyzing the work of commercial banks, special attention was paid to the necessity of unconditional observance of the principal rules of crediting and other measures leading to a decrease in inflation. The overwhelming amount of credits should be sent first of all to support and develop goods producing enterprises.

It is high time to stop granting loans to loss-making economic entities and to apply very strict economic sanctions to them, up to proclaiming them bankrupt. It is also important to ensure strict control over the fact that legal entities must sell 50 percent of their hard currency revenue. This is one of the most important factors facilitating effective functioning of the hard currency market and keeping the tenge stability.

The outcome of the conference was summed up by first deputy Prime Minister Akezhan Kazhegeldin. Relevant recommendations were passed.

Kyrgyzstan

Protests Made Against Akayev's Threat on Press Freedom

LD2007175194 Moscow INTERFAX in English 1526 GMT 20 Jul 94

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[Text] Leaders of political parties, public organizations and mass media figures have protested against restrictions of freedom of the press threatened by President Askar Akayev.

"Freedom of speech and freedom of the press now belong to the citizens of Kyrgyzstan and are not a privilege of the top official figure in the Republic, much less are his monopoly," they say in a statement published on Wednesday [20 July].

"The very idea that the guarantor of the Constitution can unceremoniously question what is one of the basic human rights, the right to freedom of speech and expression, is unacceptable," says the statement, whose signatories include Natalia Ablova, head of the Bureau for Human Rights in Kyrgyzstan, Zhipar Zheksheyev, chairman of the Democratic Movement, Omurbek Kekebayev, chairman of Ata-Meken (Fatherland), one of the leading political parties, and the editors of six major newspapers, including Vecherny Bishkek (Bishkek at Night), which has the largest readership.

IF Note: Addressing Kyrgyzstan's first congress of judges last Friday, President Akayev said there was a need for "an essentially new law on the mass media." He said that there should be a system of "curbs" and "counterbalances" but that this did not mean that the principle of freedom of the press would be abandoned. "Freedom of the press must not mean Freedom from responsibility, because the mass media have considerable influence on political processes. The press cannot punish but it can ostracize, it cannot compel but it can misinform," he said.

Today the Republic's media act in an atmosphere of "impunity and irresponsibility," many of the papers publishing "the crudest and most disgusting" libel, the president continued. He said the contents of most of them posed a danger of destabilization and social and political conflicts and served to systematically undermine Kyrgyzstan's statehood. Many of them "are today mouthpieces for individual political intriguers. With the connivance of the judiciary the press has ceased to be a democratic instrument and has become a fairly antidemocratic force," he said. He suggested that the further existence of the parliament newspaper Svobodnive Gory (The Free Mountains), which, he said, was discrediting him as head of state, should be considered by court.

Tajikistan

Parliament Approves Draft Constitution, Calls Referendum

LD2007114094 Moscow ITAR-TASS in English 1110 GMT 20 Jul 94

[Report by ITAR-TASS correspondent Galina Gridneva]

[Text] Dushanbe 20 July TASS—The Parliament of Tajikistan today approved on the whole the draft new constitution after its two-month country-wide preliminary discussion. The inhabitants of the Republic earlier approved the introduction of the presidency in accordance with the draft constitution.

Parliament Chairman Emomali Rakhmonov stressed in his speech at the session that the draft constitution was fully in line with the international law concerning human rights regardless of nationality, and opened up a road towards building a democratic, law-governed secular state in Tajikistan. This was earlier stated by representatives of such international organisations as the Conference for Security and Cooperation in Europe, the United Nations and leading experts of a number of foreign countries.

The parliament refused to support moves of some deputies, mainly representatives of the Russian speaking population, who called for amending the draft constitution by permitting dual citizenship and giving the Russian language the status of the republic's official language.

The parliament also ignored an appeal from the Coordinating Council of Ethnic Communities and Associations of Tajikistan addressing the same proposals.

The parliament decided that the final say concerning the constitution must come from the people of Tajikistan at a referendum on 25 September. The presidential elections will be held on the same day.

Balance of Forces Prevents Offensive Opposition

LD2007173094 Moscow INTERFAX in English 1621 GMT 20 Jul 94

[Text] The Tajik armed opposition is not thinking of giving up its plans to seize power in the country, according to the Commander of the Russian Border Force Colonel-General Andrey Nikolayev. Still he believes that at this stage the balance of forces does not let the cabinet in exile to stake on large-scale hostilities against the government. The general believes the opposition will concentrate on expanding terrorism, building up its forces and applying guerrilla tactics.

The command of the Russian Border Force does not rule out the possibility that the most irreconcilable part of the opposition will use armed actions on the border and acts of terrorism against Russian troops to pressure the Tajik leadership.

According to the command, despite the inter-Tajik talks in Moscow and Tehran concerted actions are planned by militants in Tajikistan and Afghanistan. Militants have become more active in the Pyandzh regions and there is a military buildup in Badakhshan and Shuroabad regions.

Nikolayev said that a considerable opposition force has been transferred from Afghan territory to Gorno Badakhshan. Opposition leaders are taking steps to increase their presence there and organize armed struggle in central parts of the country.

Russian Not Granted Official Language Status

LD2007180794 Moscow INTERFAX in English 1621 GMT 20 Jul 94

[Text] During discussions on the new constitution today the Tajik parliament turned down a proposal to give the Russian language official status in the republic. The proposal had been put forward by Deputy Aleksandr Sitnikov who represents the Russian diaspora. The parliament also rejected a proposal to give limited official status to the Uzbek language.

Around 70-80,000 ethnic Russians and around 1.2 million Uzbeks live in Tajikistan.

Emomali Rakhmonov, the parliament's chairman, said that this matter should be decided on an intergovernmental level with Russia and Uzbekistan as it was of a political character.

The deputies decided to submit the draft constitution to public discussion in September.

Armenia

Frontier Forces Repel Azerbaijani Attack in Northeast

NC2007131594 Yerevan SNARK in English 0839 GMT 20 Jul 94

[Text] Yerevan, 20 Jul (SNARK)—Yesterday evening the Armenian frontier forces managed to repel the attack at the Koti village, Noyemberyanskiy region, at the north-east of Armenia. The defensive positions at the Koti village were shelled by artillery, howitzers and military hardware from the territory of Azerbaijan.

The Defense Department of Armenia informed SNARK of the fact that one Azeri tank broke the defense line and came close to the village but had to retreat under the fire of the Armenian frontier forces. Evening came, the attack was stopped.

Armenian side has no victims.

Yerevan Accuses Azerbaijan of Cease-Fire Violation

LD2007152794 Moscow INTERFAX in English 1310 GMT 20 Jul 94

[Text] In the evening of 19 July Azerbaijani troops violated the cease-fire on the Armenian-Azerbaijani border which had been in effect since the middle of May.

The press center of the Armenian Defense Ministry told INTERFAX that at 1730, 19 July, Azerbaijani troops shelled the village of Koti in Armenia's Noyembrian Region. Concurrently, an Azerbaijani tank crossed the border near this village.

As a result of return fire, the tank retreated to the earlier held position. Shooting had ceased by 2200. The Armenian side sustained no losses.

Kazimirov Arrives in Yerevan, To Visit Karabakh

NC2007191994 Yerevan Armenia's Radio First Program Network in Armenian 1700 GMT 20 Jul 94

[Text] Ambassador Vladimir Kazimirov, the Russian president's personal representative and head of the Russian mediation mission on the resolution of the Nagorno-Karabakh conflict, arrived in Yerevan today.

Ambassador Kazimirov will leave for Nagorno-Karabakh on 21 July. The aim of the visit is to hold consultations with Nagorno-Karabakh and later on with the Armenian leadership on the establishment and consolidation of the peace process.

Parliament Ratifies Agreement on Russian Loan

NC2107033094 Yerevan SNARK in English 1721 GMT 20 Jul 94

[Text] Yerevan, 20 July (BUSINESS-SNARK)—Today the Parliament of Armenia ratified the agreement on granting by Russia interstate credit of 110 billion rubles. According to the agreement the credit will be granted till 1999 under the term to pay it in 1996-1999 years. 60 billion rubles are scheduled to use for re-starting of Armenian Nuclear Power plant. 10 billion rubles-for restoration of the northern regions of Armenia, suffered from the earthquake in 1988. The other money will go for buying fuel, raw materials and for other aims.

The Armenian Minister of Finance Levon Barkudaryan informed deputies the credit is got on the security of 15 per cent of owed by the state shares of biggest companies "Nairit", "Armelectromash", Armenian Nuclear Power Plant, and St.Petersburg Vine-Cognac factory—the branch of one of the Armenian companies.

In the minister's opinion, the credit is of great importance for Armenia and it allows Armenia to solve a range of problems, particularly the problem of independent source of electricity.

During the discussion the deputies expressed the anxiety that the Russian parliament might not ratify the agreement. Tomorrow the representatives of the Armenian Supreme Soviet's Financial-Budget Commission will leave for Moscow to negotiate with members of the appropriate commission of the Russian Parliament.

Russians Arrive for Talks on Labor Migration

MM2107084994 Moscow ROSSIYSKAYA GAZETA in Russian 19 Jul 94 First Edition p 1

[Unattributed report: "Agreement Between Russia and Armenia"]

[Text] To sign a bilateral agreement on labor migration between Russia and Armenia, and to continue talks on questions concerning the regulation of the process of resettlement and the protection of the rights of refugees and involuntary resettlers—this is the chief aim of the visit begun yesterday to Yerevan by a Russian Government delegation led by Tatyana Regent, leader of the Russian Federation Federal Migration Service (FMS).

According to a representative of the FMS Press Service, the signing of such an agreement will provide a legislative base with whose help both states will be able to set up an effective mechanism for managing the processes of labor migration, solve the problem of illegal employment, and create a system of social protection for foreign workers.

Azerbaijan

Aliyev Receives U.S. Inspections Agency Manager

NC2107033194 Baku TURAN in English 1732 GMT 20 Jul 94

[Text] Baku, 20 July (TURAN)—Last evening President Aliyev received the U.S. delegation headed by the Manager of the U.S. agency for inspections, General Gregory

Gowan [name as received]. The delegation also includes the employees of the United Committee of the Heads of American Headquarters and the U.S. State Department's Administration for Disarmament and Arms Control. The American Ambassador to Azerbaijan, Richard Kauzlarich, also participated at the meeting.

Welcoming the guests President Aliyev said that cooperation between Azerbaijan and the United States must be not only of political but also of military character. "Azerbaijan is independent state and it gives priority to the relations with the United States," mentioned Azeri President. "We signed the NATO's 'Partnership for Peace' plan and unlike the other countries, there are no foreign military bases on the territory of Azerbaijan," said President Aliyev. He expressed hope that cooperation with America will help Azerbaijan to settle the Armenian-Azerbaijani conflict by peaceful way.

General Gowan said that the purpose of the U.S. delegation's visit to Azerbaijan is to become acquainted with Azerbaijan's military objects and carry out their inspection within the framework of the European Common Arms Limitation Treaty. "One of our aims is to discuss Azerbaijan's military and political problems with the international organizations," mentioned the General. The Head of the American delegation assured President Aliyev that he will inform his leadership about the situation in Baku. Then the meeting passed behind the closed doors.

"In the issue concerning European Common Arms, Azerbaijan takes unfavourable position," said President's Adviser for Military Affairs, Nureddin Sadykhov. After the collapse of the USSR, Armenia, Georgia and Azerbaijan got equal amount of weapons. However, Azerbaijan's territory and population considerably tops the territory and population of those states. Meanwhile, the European Common Arms Limitation Treaty permits Azerbaijan, Armenia, and Georgia to have only 220 tanks. At the same time, foreign troops and military hardware are located on the territory of Armenia. Our task is to acquaint the members of the delegation as well as the other international organizations with the present state of affairs in Azerbaijan, said Nureddin Sadykhov.

Interior Ministry Official Holds News Conference

NC2007211094 Baku TURAN in English 1731 GMT 20 Jul 94

[Text] Baku, 20 July (TURAN)—A press conference of Colonel Rovshan Dzhavadov, Deputy of Interior Ministry took place yesterday. He said that the number of the Police Detachment of Special Nomination (PDSN) [Special Purpose Militia—OMON] was sharply reduced, that means liquidation of this subdivision. "The head of Ministry intends to maintain only one battalion of PDSN, consisting of 200 people," said Dzhavadov. According to him, authorities discuss also a question of liquidation of one brigade, consisting of employees of PDSN and police.

Liquidation of subdivision, having a great experience should be treated as attempt on the state basis and the president is responsible for the republic's fate, said Dzhavadov noting the existence of some forces, interested in the infringement of peace.

Dzhavadov noted "we will not let the infringement of civil agreement in the country. President should say his word within two or three days on this issue, otherwise we'll rely upon the Milli Mejlis. If the Milli Mejlis will also be indifferent, we will appeal to people," said Dzhavadov.

Dzhavadov noted that he is not a politician, and the Organization of Azerbaijan's Democratic Youth (OADY), headed by him is a public organization.

But the OADY adopted a statement on the reduction of PDSN number. The document is characterized as "Provocation against Azeri people."

The staff of PDSN expressed its solidarity with Dzhavadov's actions. Dzhavadov asked not to yield the emotions and rumours and to keep order.

PDSN was set up at the decree of former USSR Interior Minister in 1990. That time it was the only armed structure in Azerbaijan, which participated almost in all fighting against Armenian aggressors. Seven members of PDSN were awarded a rank of National Hero. During fighings against the aggressor 43 of its soldiers died and approximately 100 were wounded. Presently the number of PDSN totals 700 people.

Georgia

Opposition Parties, Organizations Sign Convention

AU2007160394 Tbilisi AKHALI TAOBA in Georgian 13 Jul 94 p 1

[Article by Soso Zaalishvili: "The Signing of the Convention Has Begun"]

[Excerpts] On 7 July, political parties and organizations began signing the convention in the yard of the house of national hero Merab Kostava. The convention is based on the following principles adopted by the United Nations: the liquidation of apartheid and neocolonialism, aggression, occupation of a foreign country, and noninterference in the internal affairs of Georgia. The convention is also based upon the declaration of the restoration of Georgian statehood of 26 May 1918, the results of the referendum [on the restoration of the state independence of Georgia on the basis of the aforementioned declaration] of 31 March 1991, and the act of independence of 9 April of the same year.

In spite of the fact that the document has been drawn up by parties belonging to the Round Table [leading party in the government of ex-President Gamsakhurdia], there is no mention anywhere of restoring the persecuted authorities as certain parties in Georgia do not agree with such a way of getting rid of the present government. There is no mention anywhere that the persecuted or restored supreme council should set a date for future elections.

In a conversation with correspondents, representatives of the parliamentary opposition pointed out more than once that they basically agreed with the convention although there were certain points that needed to be discussed. Boris Kakubava [leader of the Organization for the Liberation of Abkhazia] stated at the press conference held by opposition parties that he agreed with the convention but that he did not like its form of appeal as it was essential that such a document be coordinated with its future signatories. [passage omitted]

Up to now, approximately 30 parties and organizations have signed the convention. The overwhelming majority of them have the same origins and are in the camp of the supporters of the former authorities. [passage omitted]

Edict on Election of Commission Chairman Issued

AU2007193994 Tbilisi SAKARTVELOS RESPUBLIKA in Georgian 15 Jul 94 p 2

["Decree of the Georgian Parliament on the Election of the Chairman of the Commission for Credentials and Deputies' Ethics and Privileges"]

[Text] The Georgian Parliament decrees:

To elect **Roman Miminoshvili** as chairman of the Georgian Parliament Commission for Credentials and Deputies' Ethics and Privileges.

[Signed] **Vakhtang Rcheulishvili**, deputy speaker of the Georgian Parliament.

Tbilisi, 30 June 1994

Russian Army Warns Against Disorganized Return of Refugees

LD2007120194 Tbilisi IPRINDA in Russian 1030 GMT 20 Jul 94

[Text] Zugdidi (IPRINDA) [No dateline as received]—An IPRINDA correspondent has met the commander of Russian peacekeeping forces deployed in Gali Rayon, Colonel Vasiliy Zarubitskiy.

Asked why Georgian observers had been denied access to the blue helmets' posts in Gali Rayon, the commander said that Abkhaz representatives were stationed together with Russian peacekeepers at the 24 posts under his authority. The colonel said that from the purely military point of view, there was no need for extra people at those posts. He added that deploying observers was an issue for politicians to decide.

Asked what would happen if large groups of refugees attempted to cross into Abkhazia's Gali Rayon in a disorganized and spontaneous manner, Col. Zarubitskiy said that then peacekeeping forces would be unable to prevent this. He repeated that politicians should be deciding such issues. The commander stressed however that the most tragic scenario would be if refugees decided to cross into Abkhazia by avoiding the blue helmets' posts, in which case people would be blown up on mines.

Russians Enter Kodor Ravine To Control Withdrawal

NC2107062394 Yerevan SNARK in English 1141 GMT 20 Jul 94

[Text] Tbilisi, 19 July (SNARK)—On 18 July, a platoon of landing troops from the peacemaking forces in the zone of Georgian-Abkhazian conflict was brought into the Kodor ravine, which has been the main center of the tension at the conflict zone for a long time—Aleksandr Demyanenko, deputy head of the press center of Russian Troops Group in Transcaucasia, told SNARK.

In this region the peacemaking forces are to control withdrawal of Georgian troops, which must move away beyond the dividing line to the eastern shore of Inguri River until 20 July.

Official Backs Simultaneous Abkhazian, Georgian Withdrawal

NC2107080894 Yerevan SNARK in English 1141 GMT 20 Jul 94

[Text] Tbilisi, 19 July (SNARK)—Withdrawal of Georgian military forces from Kodor ravine must be passed along with withdrawal of Abkhazian forces that include militants disguised into police uniform,—told SNARK Levan Aleksidze, a member of Georgian delegation at negotiations with Abkhazia.

As it was said by Aleksidze, on 21 July the UN Security Council will sign acceptable for Georgia resolution, according to which additional forces of the UN's observers will involve in the peacemaking process. At the same time, Aleksidze observed that the peacemaking process is moving forward with difficulties and stated his dislikes about media, which interferes with the peacemaking process.

Military Representatives Discuss Situation

LD2007195894 Moscow Ostankino Television First Channel Network in Russian 1700 GMT 20 Jul 94

[Video report by correspondent Arkadiy Melkonyan from Gali, Abkhazia; from the "Novosti" newscast]

[Text] A regular session of military representatives from Georgia, Abkhazia, Russia, and the United Nations was held at the headquarters of the united peacemaking forces in Gali today. The deputy defense ministers of the two conflicting sides made reports there. It was noted that lately cases of provocations of all sort had become more frequent. They are aimed at inciting certain categories of the civilian population on both sides of the

Inguri River against the peacemaking forces. The sides expressed their readiness to actively reveal and stop such cases.

As for the main problem at present, establishing peace in the Kodori Gorge, the sides' positions differed. According to the statement made by the Abkhazian side and also to the UN representative who has recently visited there, Georgian Armed Forces and their combat equipment, contrary to the conditions of the well-known agreement, have not yet been withdrawn from the zone. Moreover, armed Svan formations who are under nobody's control are active there.

[Begin recording] [V.I.Yakushev, commander of CIS peacemaking forces, identified by caption] We have made a decision that the participants in the conference should fly there, personally meet the Svan population as well as the Georgian and Abkhazian sides, and make a decision on the spot. [end recording]

Shevardnadze Meets With No. Ossetian Delegation

LD2007161594 Tbilisi IPRINDA in Russian 1400 GMT 20 Jul 94

[Text] Tbilisi (IPRINDA)—On 20 July Eduard Shevardnadze, Georgian head of state, met a delegation from North Ossetia, led by Teimuraz Kusov, chairman of the committee of interethnic relations of the North Ossetian Supreme Soviet. Kusov said North Ossetia is ready to mediate in the settlement of the conflict in South Ossetia. The two sides agreed that the peoples of the Caucasus should develop relations similar to a dialog, in the words of Shevardnadze.

Press Body Protests Attempt To Close Newspaper

AU2007115894 Tbilisi DRONI in Georgian 15 Jul 94 p 1

["Statement by the 'Free Press' Association in Connection With the Case of the 'Procurator's Office Versus REZONANSI'"; place and date not given]

[Text] On 4 July of this year, Tbilisi Procurator Nugzar Gabrichidze informed the operative session of the Tbilisi city administration of his decision to halt the publication of the REZONANSI newspaper [for allegedly printing material insulting the dignity of Head of State Shevardnadze]. From that day up until 14 July, the threat to settle scores with the newspaper was heard from various levels of state authority. Moreover, it was the intention of the Procurator's Office, via the Ministry of Justice, to halt the publication of REZONANSI.

On 14 July, the Collegium of the Ministry of Justice did not decide to halt publication of REZONANSI as it considered the arguments of the Procurator's Office to be inadequate for this purpose. As can be seen, the Procurator's Office or those who were trying to use the Procurator's Office to their own ends are interpreting current legislation in a tendentious manner; they were striving to get this decision, not with the aim of defending the rule of law, but to frighten and oppress independent journalists.

The "Free Press" Association believes that all controversial issues should be settled by firmly adhering to existing laws, in accordance with judicial procedure, and in conditions of a justified dispute. The "Free Press" Association considers that the forceful suppression of the independent mass media does damage, first and foremost, to the prestige of the Republic of Georgia.

It is significant that responsibility for the insult could have been expressed in some concrete form of moral compensation imposed upon the editorial office by the court. The attempt to halt the publication of the newspaper gives grounds for concluding that they want very much to close independent newspapers and it is precisely this desire that was exposed. On this occasion, the closure of an independent newspaper did not succeed. We will see how events will develop in the future.

[Signed] On behalf of the "Free Press" Association:

DRONI, 7 DGHE, MIMOKHILVELI, REZONANSI, AKHALGAZRDA IVERIELI.

Estonia

No Agreement Reached at Russian-Estonian Talks

LD2007151594 Tallinn Radio Tallinn Network in Estonian 1400 GMT 20 Jul 94

[Excerpts] Another Estonian-Russian delegations' meeting has come to an end today in Finland. Piret Kriivan has asked Mart Helme, a member of the Estonian delegation, for an interview. [passage omitted]

[Begin recording] [Helme] The talks have this time been perhaps somewhat different from what they have been so far. In the sense that, evidently, the stage has been reached where one has to lay the cards on the table much more than hitherto. This means that the talks were very difficult but also very open. Perhaps for the first time several positions that are very much a matter of principle came out; that is, positions were clarified in this sense of how far either side can go with demands or concessions.

[Kriivan] Did you reach any concrete agreements?

[Helme] Well, the key issue we discussed in the course of two days was the future of Paldiski. To start with there had been plans to discuss the issues of Russian military pensioners and some other issues but we never got down to those because the discussion on Paldiski progressed with such reluctance, with debate, clarification and agreement just word by word. For this reason, well-...[pauses] Last night we only finished at 2300 in the evening and today we began at 1030, with both us and the Russian side working on their texts before that time. One can say that in the course of the day we did come somewhat closer on some issues but we did not reach any agreement.

[Kriivan] Did you also discuss the border issue and the Estonian-Russian summit?

[Helme] There was no talk of the border issue. There was talk of the Estonian-Russian summit in the sense that both sides would like to take part but no official invitation has been handed to us by Russia.

[Kriivan] Russian President Boris Yeltsin today repeated that Russia will not be withdrawing her troops from Estonia. The same was said yesterday [19 July] by Russian Defense Minister Pavel Grachev. Russian Defense Ministry officials issued several statements yesterday and today. On this occasion in Finland, there was also a Defense Ministry representative within the Russian delegation. How would you comment on this?

[Helme] Well, the presence of a Russian Defense Ministry representative in the Russian delegation could be seen as indeed a top-level representation, and at the same time it could be termed as bringing out the artillery against us. There were attempts to influence us to agree to the Russian position, let us put it like this. But we found that we cannot agree to the Russian position despite the fact that it was presented at such top level.

[Kriivan] So you stayed firm?

[Helme] Yes, indeed. [end recording] [passage omitted]

Estonian Negotiator: Some Progress Made

LD2007161494 Helsinki Suomen Yleisradio Network in Finnish 1430 GMT 20 Jul 94

[Excerpt] According to the Estonian partner, the main topic of the discussions with the Russians was the question of the future of the naval base of Paldiski on the shore of the Gulf of Finland, west of Tallinn. In this matter some progress was made, Deputy Chancellor Raul Malk says.

[Begin recording] [Malk in poor Finnish] In these nice surroundings, of which we are very grateful for the Finnish Government, we mainly talked about the Paldiski problem. We really had made progress on several issues but two questions remained unsolved until the end: one is the timetable, and the other one is the question of Estonia's control, Estonia's state sovereignty on this Paldiski nuclear base. For our part, the main solution remained unsolved, but we are still ready to talk further and—are you aware—there is a proposal for a summit, where there is still one more possibility of solving the problems that are still awaiting solutions. We, for our part, are prepared for other talks as well.

[Toermae] Did you talk about the withdrawal of Russian troops during this meeting?

[Malk] Well, yes the withdrawal of Russian troops was raised and then it is clear that Russia now is (?from one side) soon against the whole world [sentence as heard]. On the one hand, it has various wishes on what it wants, and it was so that from the Russian side there were such good signs and on the other, there were bad signs, so that they did not want in any situation to say clearly that they, the troops, are going to be withdrawn by the end of August.

[Correspondent Matti Toermae] Russian President Boris Yeltsin said a little while ago that the Russian troops will not be withdrawn from Estonia unless the human rights of the Russians in Estonia are honored. What do the Russians mean by these human rights?

[Malk] Well, the human rights, for example, mean that when there are several people in Estonia who want Estonian citizenship, then some people should have certain special rights. I think that it is one of Russia's tendencies that they should have a group of people in another state that is for its part a representative of Russian interests in that state. So the human rights question—it is not a normal human rights question—is part of a big policy that has been given the name human rights.

[Toermae] You just said that there will be a summit, where will it take place and when?

[Malk] The Russian side has not given an official invitation yet. When the Russian president said that he is prepared for that summit, after that it was clear that the Estonian side is expecting an invitation. [end recording] [passage omitted]

Statement Notes 'Surprising' Russian Behavior

WS2107101494 Tallinn Ministry of Foreign Affairs Press Release in English 1047 GMT 21 Jul 94

["Official statement" on the latest round of troop withdrawal talks with Russia in Helsinki; dated 20 July—received via Internet E-LIST]

[Text] Today in Helsinki, the fifth round of Russian-Estonian consultations at the deputy foreign minister level ended without results. As Russian Deputy Foreign Minister Vitaliy Churkin left the talks with his counterpart, Estonian MFA [Ministry of Foreign Affairs] Deputy Secretary-General Raul Malk, Churkin said that nothing had been accomplished. Churkin also gave to understand that this phase in the negotiations was over and that remaining questions would have to be dealt with at higher levels.

At the request of the Russian side, the main topic of the two-day discussions was the nuclear training facility at Paldiski. The Russian side refused to accept a position that by now enjoys international support, namely that the Paldiski facility must be demilitarized and handed over to Estonian civilian control by 31 August 1994. This refusal is all the more puzzling given that Deputy Foreign Minister Churkin has repeatedly stated that disposal of the Paldiski nuclear reactors is not a political, but rather a technical problem. In addition, Russia presented a timetable for dismantling the facility that is far longer than most international experts recommend.

The Russian negotiators did not wish to raise questions related to retired and reserve military officers residing in Estonia. Although the Russian side had agreed to deliver its reactions to President Lennart Meri's proposals on the retired officers, made known to President Yeltsin by U.S. President Clinton at the G-7 summit held two weeks ago in Naples, the Russian side failed to do so. It remains inexplicable why the Russian negotiating team did not want to deal with the very question to which so much of its public relations efforts have been devoted in the last several weeks. Despite these difficulties, the Estonian Ministry of Foreign Affairs does not share Deputy Foreign Minister Churkin's overly negative evaluation of the talks. It appears as though Russia is consciously seeking to heighten tensions as the final withdrawal deadline approaches.

This sort of behavior seems surprising to the ministry. We call on our Russian colleagues to be reasonable and refrain from using pressure tactics. We also reiterate our readiness and willingness for a summit meeting with President Yeltsin. In our estimation, this summit should be held as soon as possible.

Foreign Ministry Refutes Charges Over Celebration

WS2107092194 Tallinn ETA in English 1805 GMT 20 Jul 94

["News Release"]

[Text] Tallinn, 20 July—On Wednesday [20 July], Estonian Foreign Ministry refuted numerous accusations by Russian officials lately that the 50th anniversary celebrations of Battles of Narva on July 9 in the Sinimaed (Blue Hills) was an SS [Schutzstaffel] veterans rally, stressing it was, in fact, a "solemn ceremony of remembrance" of men who fought for Estonian independence.

On the 9th of July, in the Sinimaed (Blue Hills) in the northeastern part of Estonia, the 50th anniversary of the battles on the Narva line was observed. The World War II veterans who gathered were about 2 thousand men from Germany, Canada, the United States, Belgium and Latvia. Unfortunately, statements have been made and positions expressed in Russian official circles and mass media which, particularly in that this reunion of old soldiers was regarded as a veritable SS veterans' rally, are highly misleading, Foreign Ministry says.

"To the Estonian people, there was no real difference between the two foreign occupiers of their state. Estonia tried to use the war between two superpowers in the interests of restoring its independence. After the Molotov-Ribbentrop Pact and the pursuant occupation and annexation of Estonia by the Soviet Union, the sovereignty of Estonia was de facto destroyed. The deportation of tens of thousands of Estonian citizens to uninhabited locations and prison camps in Russia, and the murder of a large part of the intellectuals as well as of officers, set the tone to the degradation that accompanied the Bolshevik occupation of 1940-41. To prevent this from happening again, Estonians had no other choice but to defend their soil, regardless of the uniform they were made to wear," the Ministry says.

"Ultimately, the fears were confirmed: When Soviet rule was re- established, mass deportations and repression again followed. But because the Soviet army's attacks were checked on the Narva line, thousands of Estonian scholars, intellectuals and cultural figures could flee the communist regime; to the West, where in the years to come they would preserve and further the doctrine of Estonian independence, maintain culture and develop science. The interception of Soviet forces in the Sinimaed significantly contributed to the survival of Estonian national culture during the 50 years of occupation," the Ministry stresses.

In the battles in the Sinimaed, Norwegians, Danes, Dutch and Flemish soldiers all fought alongside Estonians. Among other units taking part was the 20th Estonian Division, Though this unit was subordinate to the Waffen-SS, the Division had no involvement whatsoever with operations of repression. Just like other Estonian soldiers in German uniform, their aim was to fight for Estonian independence, and against Bolshevism, the Ministry states. One purpose for the gathering was the social rehabilitation of the old soldiers who fought in the German Army. After the war, they generally were sent to prison camps in remote parts of Siberia for long terms. In the later years of Soviet occupation, they were subject to continual persecution.

"Estonian officials have made clear their positions: World War II will not be over until the last troops are withdrawn from Estonia. Estonia makes no distinction between soldiers, even though they fought on opposite sides, whose aim was a free and democratic Estonia. After all, Estonians also fought in the Soviet army on the other side of the front. The tragedy of the Estonian men on the other side was expressed in President Lennart Meri's remarks sent to the reunion: 'In the difficult years of World War II in the struggle between two totalitarian states, Estonia could not fight under its own flag. She could only fight against a foreign flag... The totalitarian superpowers succeeded in directing one part of a people into battle against the other.'"

The reunion of men who fought in different units and armies is a tribute to the humanistic spirit of conciliation, tolerance and cooperation that prevails in Europe today, Estonian Foreign Ministry concludes.

Luik on Free Trade Agreement With European Union

MM2007164094 Helsinki HUFVUDSTADSBLADET in Swedish 19 Jul 94 p 6

[Report by unnamed FINSKA NOTISBYRAN correspondent: "Free Trade Agreement of Vital Importance to Estonia"]

[Text] Brussels—"This agreement is of vital importance to us," Estonian Foreign Minister Juri Luik said after signing the free trade agreement with the EU [European Union]. Estonia's, Latvia's, and Lithuania's free trade agreements with the EU which were signed yesterday will come into force at the beginning of next year. Unlike its neighbors, Estonia will open up its market to all EU goods from the very beginning.

Latvia and Lithuania have transitional periods before they open up their markets to the EU, but can begin to export industrial goods to the EU without customs duties immediately. Agricultural products are not covered by the free trade agreement, but the Balts have been given quotas for their exports to the EU.

Estonia, which will completely open up its market, may in return freely export textile products to the EU. "We hope that the agreement will increase investments and interest in Estonia," Luik said.

He said that the agreement is of great importance to the Estonian economy. Estonia's balance of trade has been in the red by around 30 million German marks.

"The problem is our limited access to the Russian market. They have introduced politically motivated tariffs on our products which correspond to 60-70 percent of the prices of the goods and this means that Estonia's goods are not competitive in Russia. That is why this agreement is our only chance."

Luik rejected fears that cheap Estonian agricultural produce will flood the Finnish market when Finland joins the EU.

"This is an exaggeration; the volumes are minimal. The problem is more the reverse—Finnish agricultural produce flooding our market backed by Finland's export support arrangements," Luik said.

Estonia and the other Baltic countries have already had free trade agreements with the Nordic countries for a couple of years. In their membership negotiations with the EU the Nordic countries demanded that free trade with the Baltic countries must be allowed to continue. The solution was that the EU negotiated its own free trade agreements with the Baltic countries which will enter into so-called Europe agreements at a later date to extend cooperation to the new areas. In the longer term the Europe agreements will be followed by membership of the EU.

"Our economy is so closely tied to those of Sweden and Finland that it is of course important for us that free trade can continue when Sweden and Finland join the EU," Luik said.

Latvia

Russia Postpones Visit Due to 'Unpredictable Situation'

LD2107140894 Moscow ITAR-TASS in English 1349 GMT 21 Jul 94

[Report by ITAR-TASS correspondent Galina Kuchina]

[Text] Jurmala 21 July, TASS—The Russian chief negotiator at talks with Latvia said today that the Russian governmental delegation would have to postpone its visit to the Baltic Republic in response to the attitude of the Latvian authorities.

Sergey Zotov told reporters that during the talks which ended here today, the Latvian side had failed to guarantee the readiness of the Sejm (parliament) to ratify the Russo-Latvian treaty on the withdrawal of Russian troops.

"This creates an entirely new, unpredictable situation. Under such conditions the Russian governmental delegation's visit to Latvia will be postponed," he said. The envoy did not exclude the possibility that Russia will revise the most favoured nation regime temporarily granted to Latvia in its trade with Russia.

According to Zotov, he had informed Latvian Prime Minister Valdis Birkavs that the treaty had already been approved by the foreign affairs committees of both chambers of the Russian parliament.

Russian lawmakers are ready to ratify the treaty before summer vacations as long as their Latvian counterparts do the same, he said.

Foreign Ministry 'Anxious' Over Estonia-Russia Talks

WS2107102994 Tallinn BNS in English 1002 GMT 21 Jul 94

[Text] Riga, 21 July, BNS—The Latvian Foreign Ministry (LFM) is anxious about the course of talks between Estonia and Russia on Russian troops withdrawal, the Foreign Ministry reports.

Estonia and Russia failed to reach an agreement as to withdrawal deadlines. LFM says that Russia's attempts to link the army withdrawal with other issues influenced the results of negotiations. LFM is worried about Russian President Boris Yeltsin's statement, spread in mass media, that Russia does not want to withdraw its army and tries to link the withdrawal with alleged violation of human rights against Russians in Estonia. LFM hopes Russia will pull its troops out of Estonia by 31 August thus freeing the Baltic states from its presence and strengthening the security in Europe.

Latvian Way Leaders Prepared To Form Government

LD2007125994 Riga Radio Riga Network in Latvian 1100 GMT 20 Jul 94

[Text] The Latvian Way is prepared to form a Cabinet of Ministers headed by Valdis Birkavs, if State President Guntis Ulmanis offers it to the Latvian Way, said the Chairman of the party faction, Andrejs Pantelejevs, in a statement (?issued) today. The Latvian Way has prepared its version of the cabinet and held consultations with other factions in the Saeima about the changes they desire in the composition of the former cabinet. The head of the faction predicted that this government could get a majority support in the Saeima. Pantelejevs said that the Latvian Way had not expressed a clear stance on a government led by the LNNK [Latvian National Independence Movement], as the LNNK has not participated in any actual cabinet. The Latvian Way might support a government led by the LNNK, if it had a clear program of action and a candidate for the Premiership. He refrained from any comment on the possible candidates for the premiership from the LNNK mentioned in the press, namely the [word indistinct] President of the Bank of Latvia, Einars Repse, and the Associate Chairman of the Saeima, Andrejs Krastins. Pantelejevs said that the Latvian Way will not support a government that would recommend representatives of factions it does (?not support), and thereby there would be no unified political orientation and political responsibility in the government.

Further on Ulmanis' Effort

LD2007163894 Moscow ITAR-TASS in English 1519 GMT 20 Jul 94

[Report by BALTIYA for ITAR-TASS]

[Text] Riga 20 July—President Guntis Ulmanis of Latvia has invited the leadership of the Movement for National Independence (LNNK) to form a new government.

Latvian president began the second round of consultations with representatives of parliament factions on Tuesday [19 July]. The invitation should be considered as a possible variant, Andreis Krastyns, a member of the LNNK faction, told a news conference.

At any rate, the LNNK has begun official talks with representatives of other parliament factions. The party's council will nominate a candidate for the post of prime minister at its session on Thursday.

President Ulmanis continues consultations with leaders of parliament factions today. After a meeting with the leaders of the "Latvian Way," a partner of the "Farmers Union" in the outgoing coalition, Ulmanis will go to a fishers' settlement to find out what ordinary people have in mind.

Lithuania

Parliament Postpones Decision on Polish Treaty

WS2107091894 Vilnius ELTA in English 2050 GMT 20 Jul 94

[From "News Bulletin" No. 547]

[Text] Vilnius, 20 July, ELTA—Seimas [parliament] Foreign Committee decided to postpone consideration of ratification of interstate agreement between Lithuania and Poland until autumn, when Seimas would assemble for a new session. The new session is to begin on 10 September.

According to the Deputy Chairman of the Committee Algis Gricius, decision concerning the ratification procedure of the agreement will be made by Polish Sejm in the beginning of the autumn. It was foreseen that Lech Walesa would be authorised by Polish Sejm to ratify the agreement.

Seimas Foreign Committee received certain proposals from other Committees of Seimas concerning the ratification of the agreement. These proposals are to be discussed by Seimas. According to Gricius the, proposals did not contradict the content of the agreement.

Jursenas, Lukashenka Note Need To Improve Ties

WS2107090994 Tallinn BNS in English 1958 GMT 20 Jul 94

[Text] Vilnius, 20 Jul, BNS—Lithuanian Parliament Chairman Ceslovas Jursenas met Wednesday [20 July] in Minsk with Belarusian President Alyaksandr Lukashenka, who took the oath of office the same day. The meeting lasted about 20 minutes.

"We discussed relations between our countries in general and both stressed the need to improve them," Jursenas told BNS. The two also discussed possibilities to exchange official visits of parliamentary delegations. Jursenas congratulated Lukashenka on his election as president and also conveyed greetings from Lithuanian President Algirdas Brazauskas. Brazauskas and Lukashenka are likely to meet soon, but Jursenas noted that he was not authorized to invite the Belarusian president to Lithuania. Lukashenka did not invite Brazauskas to Belarus either.

Jursenas said the meeting in Minsk was also devoted to border problems. In his words, Lukashenka agreed that all disputes must be settled by way of constructive negotiations.

In Minsk, Jursenas also met with his Belarusian counterpart Myacheslaw Hryb.

Border Defense Service To Become Police Department

WS2107103394 Tallinn BNS in English 1002 GMT 21 Jul 94

[Text] Vilnius, 21 Jul, BNS—The Lithuanian Border Defense Service must be reorganized into to the Border Police Department by 15 October, according to a 18 July government resolution. The government set up a special commission to carry out the reorganization. The commission is headed by the minister for government reforms and municipal affairs, Mindaugas Stankevicius. The reorganization is carried out in accordance with the new border law, which was adopted in late June.

Protest in Seimas Against Sending Troops To Croatia

LD2007220894 Vilnius Radio Vilnius International Service in Lithuanian 2100 GMT 20 Jul 94

[Text] Vytautas Petkevicius, the chairman of the Seimas National Security Committee, Committee Members Algirdas Ivaskevicius and Kestutis Gaska, Kestutis Jaskelevicius, former chairman of the Financial and Budget Committee, and three members of the Democratic Labor Party faction on Tuesday [19 July] left the Seimas hall in protest against the Seimas decision on the participation of Lithuanian troops in the composition of the Danish peacekeeping battalion in international peacekeeping operations in Croatia.

According to them, the National Security officials have forestalled political decisions, the Seimas decision was adopted without defining the legal status of and special guarantees to the Lithuanian soldiers taking part in the peacekeeping mission.

Meanwhile, National Defense Minister Linas Linkevicius, told an ELTA correspondent that laws have not been violated in beginning military exercises with the Danes. Before the adoption of the decision on the participation of Lithuanian soldiers in the peacekeeping operations, only candidates to the peacekeeping unit were being selected. The minister claimed that an agreement on military cooperation signed last Spring by the Lithuanian national defense minister and the Danish defense minister envisaged joint exercises. According to Linas Linkevicius, the participation of Lithuanian soldiers in international operations is envisaged in the cooperation for peace program, too. The minister agreed with accusations that the law on the participation of Lithuanian soldiers in international operations should be prepared earlier.

Official Optimistic About Railroad Dispute With Belarus

WS2007124194 Tallinn BNS in English 1020 GMT 20 Jul 94

[Excerpt] Vilnius, 20 Jul, BNS—Lithuania does not tend to regard the latest statements by the official Minsk about the Adutiskis railroad station as territorial claims, Lithuanian Deputy Foreign Minister Albinas Januska said Tuesday [19 July].

Lithuania has not yet received the official text of a resolution adopted by the Presidium of the Belarusian parliament, which reportedly commissioned the government to hand over all railroads and stations "on Belarusian territory but within the jurisdiction of Lithuanian railroads" to Belarusian railroad authorities, "including Adutiskis."

In an interview with BNS, Januska said Lithuania does not try to deny the fact that some parts of its railroad tracks are on Belarusian territory. He added, however, that the problem cannot be resolved until Lithuania and Belarus agree on a border and mark it. But Januska also pointed out that the Belarusian Presidium obliged the government "to consider a possibility of laying additional (parallel) tracks on Belarusian territory in the station area" if the Adutiskis problem is not resolved soon. The Lithuanian official said this proves that Belarus considers Adutiskis a matter of negotiations and the resolution can be regarded as an attempt to accelerate the negotiation process. [passage omitted]

Seimas Amends, Supplements Value-Added Tax Law

LD2107081094 Vilnius Radio Vilnius International Service in Lithuanian 2100 GMT 20 Jul 94

[Text] On 20 July the Seimas somewhat amended and supplemented the value-added tax [VAT] law. Privileges were given to the power engineering system; resources obtained from abroad will be exempt from the value-added tax. Until 1 January 1996 this tax will not be applied to the services rendered by agricultural companies and cooperatives to farmers. Agricultural machinery imported and sold on domestic market will be exempt from this tax, too.

According to Minister of Economy Eduardas Vilkelis, one of the most significant amendments in the law is that the enterprises rendering tourist services are exempt from VAT.

Improving Safety at Ignalina Nuclear Plant

LD2007223394 Vilnius Radio Vilnius International Service in Lithuanian 2100 GMT 20 Jul 94

[Text] The possibility of an accident at the Ignalina nuclear power station will be reduced 10-fold during the period of half a year to two years at the latest. This was stated at a news conference on Wednesday [20 July] by the director of special project of the Swedish nuclear safety inspectorate [words indistinct]. After the implementation of the [word indistinct] project, the safety of the Ignalina nuclear power station in case of an emergency would be similar to that of western reactors.

Swedish experts examining the work of the Ignalina nuclear power station have established that one of the major shortcomings was the welding faults and poor construction quality. In addition, the reactors have no shields. In an emergency this would greatly increase the risk of radioactive substances escaping into the atmosphere. The implementation of the [word indistinct] project will cost approximately $60 million. Half of this sum will be covered by the European Bank of Reconstruction and Development, and the rest, by the Ignalina nuclear power station.

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